



ADAMA LTD. ANNUAL REPORT 2023

ADAMA Ltd. 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.

For further important additional information and details, please refer to the Annex.

March 2024

Section I - Important Notice, Table of Contents and Definitions

- 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.
- Steven Hawkins, the person leading the Company (President and Chief Executive Officer) as well as its legal representative, and Efrat Nagar - the person leading the accounting function (Chief Financial 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.
- The forward-looking information described in the Report, such as future plans, development strategy etc., does not constitute, in any manner whatsoever, a substantial commitment of the Company to investors. Investors and other relevant people are cautioned to be sufficiently mindful of investment risks as well as the difference between plans, forecasts and commitments.
- The Company has described its future development strategies, work plan for 2024 and possible risks in "XI. Outlook of the Company's future development" in Section III. The major risks of the Company include, among others, exchange rate fluctuations; exposure to interest rate, Israel CPI and NIS exchange rate fluctuations; fluctuations in raw material inputs and prices, and in sales. Investors and other relevant people are cautioned to be sufficiently mindful of investment risks. For the complete "Risk factors and countermeasures" of the Company, please see the relevant section below.
- Pre-plan of dividend distribution or reserve transfer to equity capital approved for the reporting period by the meeting of the Board of Directors on March 25, 2024
 Applicable Not applicable
The Company does not plan to distribute cash or share dividends, nor plan to transfer capital reserve to equity capital.
- This Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancies between the two versions, the Chinese version shall prevail.

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Contents of Documents Available for Reference

- (I) Duly signed Financial Statements by the Legal Representative and Accounting Principal as well as Head of the Accounting Organ.
- (II) Duly signed Auditor's Report and seals the certified public accountants.
- (III) Originals of all Company's documents previously disclosed in media designated by the CSRC as well as the originals of all the public notices, were deposited in the Company's office.

Definitions

In this Report, the following terms have the meaning appearing alongside them, unless otherwise specified:

General Terms	Definition
Company, the Company	ADAMA Ltd.
Adama Solutions	Adama Agricultural Solutions Ltd., a wholly-owned subsidiary of the Company, incorporated in Israel according to its laws
Anpon, ADAMA Anpon	ADAMA Anpon (Jiangsu) Ltd., a wholly-owned subsidiary of the Company
Board of Directors/Board	The Board of Directors of the Company
Board of Supervisors	The Board of Supervisors of the Company
Articles of Association / AOA	The Articles of Association of the Company
Group, the Group, ADAMA	The Company, including all its subsidiaries, unless expressly stated otherwise
ChemChina	China National Chemical Co., Ltd.
CNAC	China National Agrochemical Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
SASAC	State Assets Supervision and Administration Commission of China
Syngenta Group	Syngenta Group Co., Ltd., the controlling shareholder of the Company as of June 15, 2020, a wholly-owned subsidiary of CNAC
Sinochem Holdings	Sinochem Holdings Corporation Ltd.
Sinochem Group	Sinochem Holdings including all its subsidiaries unless otherwise indicated or the context otherwise requires
Report	This 2023 Annual Report
Financial Report	The Financial Reports for the year 2023, as contained in this Report
Reporting Period, this Period, Current Year	Year 2023
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Listing Rules	Listing Rules of the SZSE

Section II - Corporate Profile and Financial Results

I. Corporate Information

Stock name	ADAMA A, ADAMA B	Stock code	000553, 200553
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	安道麦股份有限公司		
Abbr.	安道麦		
Company name in English (if any)	ADAMA Ltd.		
Abbr. (if any)	ADAMA		
Legal representative	Steve Hawkins		
Registered address	No. 93, East Beijing Road, Jingzhou, Hubei		
Zip code	434001		
Office address	No. 93, East Beijing Road, Jingzhou, Hubei		
Zip code	434001		
Company website	www.adama.com		
Email	irchina@adama.com		

II. Contact Information

	Board Secretary	Securities Affairs Representative Investor Relations Manager
Name	Guo Zhi	Wang Zhujun
Address	6/F, No.7 Office Building, No.10 Courtyard, Chaoyang Park South Road, Chaoyang District, Beijing	
Tel.	010-56718110	010-56718110
Fax	010-59246173	010-59246173
E-mail	irchina@adama.com	irchina@adama.com

III. Information Disclosure

Website of the Stock Exchange on which the Company Discloses its Annual Report	www.szse.cn
Media and Website on which the Company Discloses its Annual Report	China Securities Journal Securities Times http://www.cninfo.com.cn
Location on which this Report is kept	Securities office of the Company

IV. Company Registration and Alteration

Credibility code	91420000706962287Q
Changes in main business activities of the Company after going public (if any)	None in the reporting period.
Historic Changes of controlling shareholder (if any)	<p>The Company was reorganized as Hubei Sanonda Co., Ltd. in 1992 after being approved by departments of Commission for Reorganization of Hubei Province. The largest shareholder of the Company was Shashi State-Owned Assets Administration Bureau.</p> <p>In 1994, the original Shashi State-Owned Assets Administration Bureau and Jiangling State-owned Assets Administration Bureau were classified as Jingsha State-Owned Assets Administration Bureau. Therefore, the shares of the Company held by Shashi State-Owned Assets Administration Bureau and Jiangling State-Owned Assets Administration Bureau were all held by Jingsha State-Owned Assets Administration Bureau, and Jingsha State-Owned Assets Administration Bureau became the controlling shareholder of the Company.</p> <p>In 1996, according to the Reply of Hubei Provincial People's Government on Authorization of Sanonda Group Co., Ltd. Operating the State-Owned Assets (EZBH[1995] No.92), Jingsha State-Owned Assets Administration Bureau set up Sanonda Group Co., Ltd. (renamed "Jingzhou Sanonda Holdings Co., Ltd."). On March 20, 2005, Jingzhou State-Owned Assets Administration Bureau and China Mingda Chemical and Mining Corporation (later renamed "China National Agrochemical Co., Ltd., CNAC") signed the Asset Transfer Agreement of Sanonda Group Co., Ltd, and CNAC received 100% equity of Sanonda Group Co., Ltd, from Jingzhou State-Owned Assets Administration Bureau. After the completion of the above transfer, the actual controller of the Company was changed from Jingzhou State-Owned Assets Administration Bureau to SASAC.</p> <p>In July, 2017, the Company received the Approval on Issuing Shares by Hubei Sanonda Co., Ltd. to China National Agrochemical Corporation for Acquiring Assets and Raising Supporting Funds (CSRC license No. [2017]1096). CSRC approved of the Company's issuance of 1,810,883,039 shares to China National Agrochemical Corporation for the purchase of 100% equity of ADAMA Solutions held by it. After the completion of the major assets restructuring, the controlling shareholder of the Company was changed from Jingzhou Sanonda Holdings</p>

	<p>Co., Ltd. to CNAC.</p> <p>In June, 2020, CNAC transferred 1,810,883,039 shares of the Company held by it to Syngenta Group free of charge and completed the registration procedures for the above transferred shares. After the completion of the share transfer, Syngenta Group has become the direct controlling shareholder of the Company.</p> <p>During the reporting period, the controlling shareholder of the Company did not change.</p>
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V. Other Information

The Accounting Firm Engaged by the Company

Company's Auditors	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	30/F, Bund Center, 222 Yan An Road East, Shanghai PRC
	Signing Certified Public Accountant	Ji Yuting and Zhao Jingyuan

Sponsor engaged by the Company to continuously perform its supervisory function during the Reporting Period

Applicable Not applicable

Financial advisor engaged by the Company to continuously perform its supervisory function during the Reporting Period

Applicable Not applicable

VI. Main Accounting and Financial Results

Whether the Company performed any retroactive adjustments to or restatement of its accounting data

Yes No

Reasons for Retroactive Adjustments or Restatement of the Accounting Data: Other reason

Unit: RMB'000

	2023	2022		+/- (%)	2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating revenue (RMB'000)	32,779,456	37,381,915	37,381,915	-12.31%	31,038,605	31,038,605
Net profit (loss) attributable to the shareholders (RMB'000)	(1,605,887)	609,391	609,391	-363.52%	157,397	157,397
Net profit (loss) attributable to the shareholders, excluding non-recurring profit and loss (RMB'000)	(1,851,491)	490,428	501,621	-469.1%	77,853	106,438
Net cash flows from operating activities (RMB'000)	2,617,877	940,745	940,745	178.28%	4,561,875	4,561,875
Basic EPS (RMB/share)	(0.6893)	0.2616	0.2616	-363.49%	0.0676	0.0676
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A	N/A	N/A
Weighted average return on equity	-7.13%	2.76%	2.76%	-9.89%	0.74%	0.74%
	31.12.2023	31.12.2022		+/- (%)	31.12.2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets (RMB'000)	55,405,803	57,980,489	57,980,489	-4.44%	50,235,308	50,235,308
Net assets attributable to the shareholders (RMB'000)	21,924,475	23,124,655	23,124,655	-5.19%	21,075,083	21,075,083

Reason for retroactive adjustments: The Company recognized the non-recurring profit and loss items in accordance with the "Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public - Non-Recurring Profit and Loss (2023 Revised)" and made retrospective adjustments. The implementation of this regulation has no significant impact on the non-recurring profit and loss in comparable accounting periods.

The net income before or after deduction of non-recurring profit or loss for the last three fiscal years is negative no matter which amount is less and the audit report for the most recent year shows that there is uncertainty about the company's ability to continue its operation.

Yes No

The less amount of the net income before and after extraordinary gain or loss is negative

Yes No

Items	2023	2022	Remarks
Sales (RMB'000)	32,779,456	37,381,915	
Sales deductions (RMB'000)	49,068	76,542	
Sales after deductions (RMB'000)	32,730,388	37,305,373	

VII. Differences in Accounting Data under Domestic and Foreign Accounting Standards

1. Differences in the net profit and the net assets disclosed in the financial reports prepared under Chinese and international accounting standards

Applicable Not applicable

None during the Reporting Period.

2. Differences in the net profit and the net assets disclosed in the financial reports prepared under Chinese and foreign accounting standards

Applicable Not applicable

None during the Reporting Period.

3. Explanation on the differences in accounting data

Applicable Not applicable

VIII. Main Financial Results by Quarter

Unit: RMB'000

	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Operating revenue	8,610,576	8,642,625	7,406,903	8,119,352
Net profit attributable to the shareholders	83,273	(325,429)	(800,317)	(563,414)
Net profit attributable to the shareholders excluding non-recurring profit and loss	44,893	(343,038)	(845,864)	(707,482)
Net cash flows from operating activities	(2,905,168)	2,840,292	590,706	2,092,047

Any material differences between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports

Yes No

IX. Non-Recurring profit/loss

Applicable Not applicable

Unit: RMB'000

Item	2023	2022	2021	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	19,679	67,525	846	
Government grants charged to the profit/loss for the Reporting Period (except for the government grants closely related to the regular operation of the Company, in line with national policies and in accordance with defined criteria, and that have a continuing impact on the Company's profit or loss)	20,743	17,771	19,377	
Custodian fees earned from entrusted operation	-	3,280	-	
Recovery or reversal of provision for bad debts which is assessed individually during the years	57,422	46,530	32,487	
Post vesting fair value revaluation of cash-settled share-based payment	41,959	-	-	
Gains or losses arising from the holding or disposal of financial assets or financial liabilities by non-financial corporations, except for effective hedging related to the normal operating of the Company	123,315	-	-	
Other non-operating income and expenses other than the above	31,747	2,475	12,446	
Less: Income tax effects	49,261	29,811	14,197	
NCI (after tax)	-	-	-	
Total	245,604	107,770	50,959	

Details of other profit and loss items that meet the definition of non-recurring profit or loss.

Applicable Not applicable

No such cases during the Reporting Period.

Explanation of non-recurring items of profit or loss listed in "Explanatory Announcement No. 1 on Information Disclosure for Companies Offering their Securities to the Public-Non-Recurring Profit and Loss" reclassified as recurring items of profit or loss

Applicable Not applicable

No such cases during the Reporting Period.

Section III - Performance Discussion and Analysis

I. Industry in which the Company Operates during the Reporting Period

The company is required to comply with the “*Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange: No. 3 - Disclosure of Industry Information*”.

The Company is a corporation incorporated in the People's Republic of China.

The Group is a global leader in crop protection, engaging in the development, manufacturing and commercialization of a wide range of crop protection products, that are largely off-patent. The Group provides solutions to farmers to combat weeds, insects and disease, and sells its products in over 100 countries, through approximately 60 subsidiaries worldwide.

The Group's business model integrates end-customer access, regulatory expertise, state-of-the art global R&D, production and formulation facilities, thereby providing the Group a significant competitive edge and allowing it to launch new and differentiated products that meet local farmers and customer needs in key markets.

The Group's primary operations are global, spanning activities in North America, Latin America, Asia-Pacific (including China) and Europe, Africa and the Middle East¹.

The Group also utilizes its expertise to adapt such products also for the development, manufacturing and commercialization of similar products for non-agricultural purposes (Consumer and Professional Solutions).

In addition, the Group leverages its core capabilities in the agricultural and chemical fields and operates in several other non-agricultural areas, none of which, individually, is material for the Group. These activities, collectively reported as Intermediates and Ingredients, include primarily, (a) the manufacturing and marketing of dietary supplements, food colors, texture and flavor enhancers, and food fortification ingredients; (b) fragrance products for the perfume, cosmetics, body care and detergents industries; (c) the manufacturing of industrial products and (d) other non-material activities.

Syngenta Group

As of June 2020, the Group is a distinctive member of Syngenta Group, a world leader in agricultural inputs, spanning crop protection, seeds, fertilizers, additional agricultural and digital technologies, as well as an advanced distribution network in China. As of August 2021, following the combination between ChemChina and Sinochem Group, Syngenta Group, and subsequently the Group, are ultimately controlled by Sinochem Holdings - parent of both ChemChina and Sinochem Group, subordinated to SASAC.

For further important additional information and details, please refer to the Annex.

General Environment and the Effect of External Factors on the Company's Operations

As a global leader in the crop protection industry, major trends, events and key developments in the Group's macro-economic environment may materially impact the Group's business results and development. The impact of these factors may differ by geographic region and the different products of the Group. Since the Group offers one of the widest and most diverse product portfolios of crop protection products and since it operates in many geographic regions, the aggregate effect of these factors in any given year, and during the course thereof, is not uniform and may sometimes be mitigated by offsetting effects. The activities and results of the Group are further subject to, and affected by, certain global, localized

¹ As of 2023, the India, Middle East & Africa (IMA) region has been reorganized such that the countries formerly included in this region will now be included in the Europe region (renamed EAME) or in the Asia Pacific region.

and other factors, such as: demographic changes; economic growth and rising standards of living; agricultural commodity prices; significant fluctuations in raw material costs and global energy prices; development of new crop protection technologies; patent expiries and growth in volumes of off-patent products; the global agricultural markets and volatile weather conditions; regulatory changes; government policies; world ports, international monetary policies and the financial markets.

Key commodity crop prices declined substantially during 2023 as weather conditions normalized and the global crop supply situation improved. However, key commodity crop prices were still relatively high through 2023, supporting planted area and investment in crops, leading to healthy demand, at the farmer level, of crop inputs, including crop protection products. However, due to very high channel inventory across all geographies, channel demand was weak during 2023. The high interest rate environment coupled with low prices of active ingredient from China, also encouraged the just-in-time purchasing approach adopted by the channel. As a result, sales into the channel declined sharply across the entire industry. Going into 2024, channel inventories have improved across most geographies but they have still not normalized everywhere. The cost environment further improved in 2023 as active ingredient prices in China continued to decline all through 2023 reaching low levels.

II. Main business of the Company during the Reporting Period

The company is required to comply with the “Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange: No. 3 - Disclosure of Industry Information”.

Procurement model of major raw materials

Main raw materials	Procurement model	Proportion out of total purchase amount	Significant change in the settlement method	Average price in H1 (RMB/Kg)*	Average price in H2 (RMB/Kg)*
AI Tech	Purchase through multiple channels	30.8%	No	54.08	45.13
Raw Materials		24.6%	No	7.51	7.06
Co-Formulants		5.9%	No	18.49	15.63
Formulated Products		22.1%	No	36.41	29.28
Packaging		6.7%	No	1.43	1.56
Other		9.8%	No	6.78	4.19

* Prices in RMB are based on average exchange rates for the relevant period.

Reasons for significant changes in raw material prices compared with the previous reporting period

Applicable Not applicable

Whether the Company spends more than 30% of its total production cost on energy supply

Applicable Not applicable

Reasons that there is material change to the main energy types during the reporting period

Applicable Not applicable

Production Technologies of Main Products

Main Products	Stage of Production Technologies of Main Products	Key Technical Experts	Patents	R&D advantages
Herbicides	Industrialized production	Employed by the Group	Some are patent protected	Off-patent AIs developed into differentiated mixtures and formulations, in combination with new formulation and delivery technologies that provide more efficient ways to deliver the products into the plants
Fungicides	Industrialized production	Employed by the Group	Some are patent protected	Off-patent AIs developed into differentiated mixtures and formulations, in combination with new formulation and delivery technologies that provide more efficient ways to deliver the products into the plants
Insecticides	Industrialized production	Employed by the Group	Some are patent protected	Off-patent AIs developed into differentiated mixtures and formulations, in combination with new formulation and delivery technologies that provide more efficient ways to deliver the products into the plants

Capacity of main products

Main Products	Normal Capacity (tons/year)	Capacity Utilization (%)	Capacity Under Construction (tons/year)	Construction Investment in the production of Main Products
Herbicides	53,303	46%	0	Ongoing investment
Fungicides	18,636	29%	0	Ongoing investment
Insecticides	75,257	67%	0	Ongoing investment

Note: Capacity figures in the above table is the synthesis capacity of the Group. In addition, the Group has approximately 590,000 tons of formulation capacity globally.

Products Produced in Major Chemical Industry Parks

Major Chemical Industry Parks	Products
Neot Hovav, Israel	Plant for production of insecticides and fungicides active ingredients as well as formulations, R&D center and Non-Agro activity
Ashdod, Israel	Manufacturing of the herbicides' active ingredients, formulations and Non-Agro activity as well
Anpon, China	Plant for the manufacturing of insecticides and herbicides active ingredients, formulations, Flame Retardants and Non-Agro activity
Sanonda, China	Plant for the manufacturing of insecticides active ingredients as well as number of formulations and Non-Agro activity
ADAMA Huifeng, China	Plant for production of Herbicides and Fungicides AIs, as well as number of formulations, alongside a packaging plant
Taquari, Brazil	Plant for the manufacturing of active ingredients as well as number of formulations used for the manufacturing of insecticides, fungicides and herbicides

EIA approval status that is being applied or newly obtained during the reporting period

Applicable Not applicable

During the reporting period, the Company received the following EIA approval: "Approval Opinions on the Environmental Impact Assessment Report Form for the Overall Relocation and Upgrading Project of ADAMA Ltd's Insecticide Series Products - Recycling Solvent Purification Project".

Abnormal production suspension during the reporting period

Applicable Not applicable

Relevant approvals, permits and qualifications

Applicable Not applicable

Entity in China	Name of the Certificate	Number	Expiration
ADAMA Ltd.	Pesticide Production Permit	Pesticide Production Permit (E) 0010	August 7 th , 2027
	Safety Production Permit	(E) WH [2022] No. 1139	November 6 th , 2025
	Safety Production Permit	(E) FM [2021] No.050781	August 13 th , 2024
	Business record certificate of non-pharmaceutical precursor chemicals	(E) 3J42100111328	July 2 nd , 2024
	Special Permit for the Manufacturing of Monitored Chemicals	HW-4210002	September 28 th , 2027
	National Industrial Production Permit	XK13-008-00019 of Hubei	June 5 th , 2028
	Business License for Hazardous Chemicals	No. [2021] 980014 of Safety Operation of Hubei D	July 5 th , 2024
	Port Operation Permit	No. (0045) for Port Operation of Jingzhou of Hubei	January 20 th , 2025
	Port Shoreline Use Permit	No. 5, 2015 for Use of Port Shoreline	August 7 th , 2061
	Water Extraction Permit	No. 3, 2020 for Water Extraction of Jingzhou of Hubei	August 13 th , 2025
Registration Certificate of Hazardous Chemicals	421012001	December 9 th , 2024	
Pollutant Emission Permit	91420000706962287Q001P	December 25 th , 2025	

Entity in China	Name of the Certificate	Number	Expiration
ADAMA Anpon (Jiangsu) Ltd.	Safety Production Permit	WH No. [H00029] for Safety Production of Jiangsu	January 17 th , 2025
	Business License for Hazardous Chemicals	No. 00394 for Business of Hazardous Chemicals of Huai'an of Jiangsu	October 11 th , 2024
	Pesticide Business License	No. 32080020026 for Pesticide Business of Jiangsu	December 26 th , 2024
	Pesticide Production Permit	No. 0014 for Pesticide Production of Jiangsu	December 6 th , 2027
	Pollutant Emission Permit	9132080013943337K001P	May 31 st , 2025
	National Industrial Production Permit	XK13-010-00189 of Jiangsu	January 12 th , 2029
	National Industrial Production Permit	XK13-008-00007 of Jiangsu	September 23 rd , 2028
	National Industrial Production Permit	XK13-014-00235 of Jiangsu	July 11 th , 2029
	Mining License	C3200002009096120039192	September 30 th , 2025
	Water Extraction Permit	D320812G2021-0016	December 22 nd , 2027
	Water Extraction Permit	D320812S2021-0014	December 31 st , 2027
	Special Permit for the Manufacturing of Monitored Chemicals	HW-32I0001	November 29 th , 2027
Safety Production Permit	FM No. [2021]0818 of Jiangsu	November 9 th , 2024	
Maidao, Branch of ADAMA Anpon (Jiangsu) Ltd.	Business License for Hazardous Chemicals	No. 00641 for Business of Hazardous Chemicals of Jiangsu	May 18 th , 2026
	Safety Production Permit	WH No. [H00015] for Safety Production of Jiangsu	July 22 nd , 2024
	Pollutant Emission Permit	91320800MA1NX3QW56001P	December 19 th , 2026
Jiangsu Anpon International Trading Co., Ltd.	Pesticide Business License	No. 32080020050 for Pesticide Business of Jiangsu	May 11 th , 2028
	Pesticide Business License	No. 42000010083 for Pesticide Business of Hubei	September 3 rd , 2028
Hubei Sanonda Trading Co., Ltd.	Business License for Hazardous Chemicals	No. [2022]000532 of Hubei D for Business of Hazardous Chemicals	May 8 th , 2025
	Business License for Hazardous Chemicals	42100213202300029	December 7 th , 2026
ADAMA (Beijing) Agricultural Technology Company Limited	Pesticide Business License	No. 11000010005 for Pesticide Business of Beijing	April 11 th , 2028
ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd.	Pesticide Business License	No. 31011420006 for Pesticide Business of Shanghai	August 21 st , 2028
	Business License for Hazardous Chemicals	No. [2023]203919 of Shanghai for Business of Hazardous Chemicals	July 31 st , 2026
ADAMA Huifeng (Jiangsu) Ltd.	Safety Production Permit	(Su) WH No. [J00138]	February 10 th , 2027
	Pesticide Business License	No. 32090420577 for Pesticide Business of Jiangsu	January 6 th , 2026
	Pesticide Production Permit	Pesticide Production Permit (Su) 0199	May 13 th , 2026
	Registration Certificate of Hazardous Chemicals	32092400034	March 7 th , 2027

Entity in China	Name of the Certificate	Number	Expiration
	Pollutant Emission Permit	91320982MA1W NXWQX6001P	December 20 th , 2025
	Business record certificate of non-pharmaceutical precursor chemicals	(Su) 3S320900220700005	February 10 th , 2027
	Export Enterprise Registration Form	04136730	--

Company focused on oil processing and trade

Applicable Not applicable

Company focused on fertilizer

Applicable Not applicable

Company focused on agrochemicals

Applicable Not applicable

Market share - As mentioned herein, ADAMA is a leading company among the crop-protection companies that focus on off-patent crop protection solutions. The Group's global crop protection market share was approximately 5.1% in 2023, based on preliminary estimation made by AgBio Investor regarding total sales in the agrochemical industry, and 6.5% in 2022.

Registration - The materials and products marketed by the Group require, at various stages of their development production and marketing, registration in every country where the Company intends to market them. The Company has development and registration centers, located in Europe, Israel, Latin America, Brazil, North America, India and Asia. Further, its global registration network, providing local registration capabilities in over 100 countries, enables the Group to efficiently introduce new products in all major markets and provide farmers with a comprehensive portfolio of crop protection solutions. In the last three years, the Group's registration network of highly-skilled professionals has obtained approximately 1,300 new product registrations. These capabilities are increasingly important as regulatory requirements continue to increase globally.

Application of Main Products

The Group is focused on the development, manufacturing and commercialization of largely off-patent crop protection products, which are generally herbicides, insecticides and fungicides, which protect agricultural and other crops against weeds, insects and disease, respectively.

Herbicides - During cultivation, crops are exposed to various weeds that grow in their environment and compete for water, light and nutrients. Herbicides are designed to prevent or stunt the development of such weeds to allow the cultivated crop to develop optimally throughout the different stages of its growth, and therefore to reach optimum yield. The herbicides sold by the Company are both selective (do not affect or harm the crop itself) and non-selective. The best-selling herbicides are those designed to protect soy, corn, cereals, rice and cotton.

Insecticides - Insecticides are designed to control various types of insects and pests in a selective manner (without harming the crop itself). The best-selling insecticides are designed to protect fruits and vegetables, corn, cotton and soy.

Fungicides - Fungicides are designed to combat various diseases and parasitical fungi. In general, when weather conditions in the agricultural season are dry, the prevalence of crop diseases is much smaller, reducing demand for such products. Fungicides are used most frequently in crops such as cereals, fruit, vegetables, soy, grapevines and rice.

Tax policies - The Group develops, purchases, manufactures and markets its products through many companies worldwide, and as such operates through approximately 60 subsidiaries. To the best of the Group's knowledge, it is in material compliance with applicable tax laws.

Company focused on chlorine alkali and caustic soda business

Applicable Not applicable

III. Core Competitiveness Analysis

As a leading off-patent crop protection provider in the global crop protection market, the Group believes that the following strengths provide it with sustainable competitive advantages and the foundation to capitalize on favorable underlying agriculture and crop protection industry trends:

- **Off-patent Industry Leader.** The Group's success as one of the world's leading off-patent companies has given it a deep understanding of the industry and enabled it to build one of the most extensive off-patent product offerings, giving it the ability to provide efficient, value-added solutions to farmers of every major crop around the world. Moreover, the breadth of the Group's product portfolio, with most active ingredients individually constituting no more than 5% of its sales in 2023, combined with its extensive geographic reach, provide effective diversification and enhanced stability. The Group strives to continue to gain market share, building on its leading role in the market, farmer-centric focus and broad product portfolio. Furthermore, the Group's addressable market continues to expand as the crop protection market globally continues to shift towards off-patent products, the segment of the market on which the Group focuses. This shift is the result of significant increases in the costs and risks of discovering and developing novel and effective Active Ingredients (AIs), which over time has led to fewer introductions of new molecules each year by the Company's Research-Based Company (RBC) competitors. The Group believes that its strength in the off-patent market provides it with a certain competitive advantage relative to RBCs, as it is able, with its research, technology and know-how, to access off-patent crop protection products developed by all of the various major RBCs. This allows the Group to enhance existing crop protection products and introduce unique mixtures and formulations. In parallel, the Group's global scale, registration expertise and manufacturing footprint are competitive advantages in comparison to many of its off-patent peers.
- **Global Reach and Strength in Emerging Markets.** The Group has an industry leading global footprint with extensive market presence. The Group enjoys broad geographic diversification by selling in over 100 countries with a balanced regional split, as evidenced by its 2023 revenue breakdown of approximately 27% in Latin America, 18% in North America, 28% in Asia Pacific, and 27% in the Europe, Middle East and Africa (EAME). This regional balance enhances the Group's growth profile and provides diversification across different countries, climates, crops and planting seasons. The Group has a particularly strong presence in emerging markets, where growth is expected to outpace developed markets, and from which it derived more than half of its 2023 sales.
- **Unique Positioning and Access to China.** The Group believes that the foundation provided by the integration of Adama Solutions with the operational and commercial infrastructure of the Company in China, together with its unique relationship with its ultimate controlling shareholder, Sinochem Holdings, provides it with a clear advantage in penetrating the Chinese market, one of the largest and fastest growing agricultural markets in the world. The Group is one of the only global crop protection providers with a significant integrated commercial and operational infrastructure within China. The Group intends to leverage this infrastructure to pursue a leading position in the Chinese crop protection market and capitalize on the growing importance of high-quality global brands in China. With its activities in China also forming part of Syngenta Group China, the Group believes it is uniquely positioned to capitalize on the trend toward consolidation within the high-growth, highly fragmented Chinese crop protection

market. In addition to helping it become a leader in the Chinese crop protection market, the integration of the Company's China-based manufacturing facilities into the Group's global manufacturing operations provides it with the ability to more effectively develop and commercialize advanced, differentiated products, as well as benefit from improved cost positions in key molecules, enhance the optimization of its global supply chain over time, drive greater efficiency throughout the organization, and secure both revenue growth as well as increased profitability.

- **Collaborations with members of the Syngenta Group.** The Group is working together with the other companies within the Syngenta Group to create value for itself and the Syngenta Group through increasing the Group's sales, reducing costs and improving processes. Such efforts include various collaboration initiatives for the sale and distribution of finished products, raw materials supply and procurement, logistics and supply chain, as well as in the R&D and products' registration fields.
- **Vertically Integrated Business with Global Scale.** The Group is one of the few off-patent crop protection providers that is active across virtually the entire value chain, from worldwide marketing, sales and distribution, to registration, production and R&D. As a result, the Group is able to efficiently manage its product portfolio and operations in response to the dynamic needs of farmers, changing weather conditions, government policies and regulations, and capture value at each point in the value chain. Approximately 85% of the Group's products are synthesized and/or formulated or both in its world-class, well-invested facilities across the globe. Having deep knowledge, expertise and experience in all aspects of the development process, integrated chemical synthesis and formulation production and control over the entire supply chain, provides the Group with cost and control advantages, and the agility to address market challenges and capture value. Further, its global registration network, providing local registration capabilities in over 100 countries, enables the Group to efficiently introduce new products in all major markets and provide farmers with a comprehensive portfolio of crop protection solutions. In the three years, the Group's registration network of highly-skilled professionals has obtained approximately 1,300 new product registrations. These capabilities are increasingly important as regulatory requirements continue to increase globally. The Group's sales and marketing infrastructure is characterized by its local sales forces in each of its strategic markets, who build strong relationships with local distributors and with the end users, the farmers, to better understand their needs. This drives demand at the wholesale, retail and farmer level and provides the Group with valuable market insight and understanding.
- **Extensive, Differentiated Offering.** The Group offers farmers a hybrid portfolio of increasingly differentiated products and solutions that are tailored to the specific needs of each geographic region and each type of crop. The Group utilizes an integrated, solutions-based approach to its entire offering in order to meet the unique demands of its global customer base. The Group strives to offer farmers a branded portfolio that is comprised of both high-value differentiated products as well as high-volume off-patent products, alongside an increasing number of unique mixtures and formulations and novel, innovative products and services, aimed to provide solutions to farmers in nearly every region, and for all major crops. The Group's extensive portfolio is composed of over 300 centrally managed AIs and over 1,650 different mixtures and formulations.
- **Experienced and Empowered Management Team.** With a deep understanding of the crop protection industry and firm focus on sustaining the Group's leadership and financial strength, its management team is a cohesive and integrated team that has the knowledge, skills and experience required to guide the Group on its path to achieving its ambition of global leadership. The Group believes in empowering its teams and creating leaders from its strongest performers, with the result that its management team is composed of the people who have successfully managed its business, and developed and executed its strategy over the last few years, continuing its track record of consistent, profitable growth.

IV. Main Business Analysis

1. Overview

For general crop protection market environment, please refer to I. Industry in which the Company Operates during the Reporting Period of Section III above.

Item	Fourth Quarter of the Reporting Period (000'RMB)	Same period of last year as previously reported (000'RMB)	+/-%
Revenues	8,119,352	9,304,101	-12.7%
Pre-Tax Profits (loss)	(300,734)	(144,277)	-108.4%
Pre-tax profit (loss) margin	-3.7%	-1.6%	-
Net income (loss)	(563,414)	(158,753)	-254.9%
Net income margin	-6.9%	-1.7%	-
EBITDA	611,456	897,224	-31.9%
EBITDA margin	7.5%	9.6%	-

Item	Fourth Quarter of the Reporting Period (000'USD)	Same period of last year as previously reported (000'USD)	+/-%
Revenues	1,136,271	1,311,992	-13.4%
Pre-Tax Profits (loss)	(42,084)	(20,383)	-106.5%
Pre-tax profit margin	-3.7%	-1.6%	-
Net income (loss)	(78,844)	(22,425)	-251.6%
Net income margin	-6.9%	-1.7%	-
EBITDA	85,654	126,520	-32.3%
EBITDA margin	7.5%	9.6%	-

Item	Reporting Period (000'RMB)	Same period of last year as previously reported (000'RMB)	+/-%
Revenues	32,779,456	37,381,915	-12.3%
Pre-Tax Profits (loss)	(1,404,910)	756,833	-285.6%
Pre-tax profit margin	-4.3%	2.0%	-
Net income (loss)	(1,605,887)	609,391	-363.5%
Net income margin	-4.9%	1.6%	-
EBITDA	2,790,156	4,880,445	-42.8%
EBITDA margin	8.5%	13.1%	-

Item	Reporting Period (000'USD)	Same period of last year as previously reported (000'USD)	+/-%
Revenues	4,660,554	5,569,989	-16.3%
Pre-Tax Profits (loss)	(196,785)	118,470	-266.1%
Pre-tax profit margin	-4.2%	2.1%	-
Net income (loss)	(224,651)	96,307	-333.3%
Net income margin	-4.8%	1.7%	-
EBITDA	399,581	731,118	-45.4%
EBITDA margin	8.6%	13.1%	-

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.

2. Revenues and costs

Revenues

Sales in the fourth quarter declined by approximately 13% (-13% in RMB terms; -14% in CER terms) to \$1,136 million, reflecting a decrease of 15% in prices and an increase of 1% in volumes. The lower sales reflect the market dynamics of high channel inventories, last-minute purchasing following channel destocking in light of high interest rates and pressure on crop protection product pricing due to the lower channel demand and lower active ingredient pricing. In some certain geographies, the Company sees initial signs of channel normalization.

These results brought the revenues in the full year of 2023 to \$4,661 million, a decline of approximately 16% (-12% in RMB terms; -15% in CER terms), reflecting a decrease of 8% in prices and a decrease of 7% in volumes. This is in comparison to the record sales the Company achieved in 2022, which reflected the high demand due to supply uncertainty in the market.

(1) Operating revenues

Unit: RMB'000

	2023		2022		YoY +/-%
	Amount	Ratio of the operating revenue	Amount	Ratio of the operating revenue	
Total operating revenue	32,779,456	100%	37,381,915	100%	-12.3%
Classified by industries					
Manufacture of chemical raw materials and chemical products	32,779,456	100%	37,381,915	100%	-12.3%
Classified by products					
Herbicides	13,831,829	42.2%	16,597,770	44.4%	-16.7%
Fungicides	6,790,381	20.7%	7,050,530	18.9%	-3.7%
Insecticides	9,392,448	28.6%	10,120,287	27.1%	-7.2%
Ingredients and Intermediates (Formerly referred to as non-Agro)	2,764,799	8.4%	3,613,328	9.7%	-23.5%
Classified by regions²					
Europe, Africa & Middle East (EAME)	8,691,499	26.5%	9,030,951	24.16%	-3.8%
North America	5,770,415	17.6%	6,895,702	18.45%	-16.3%
Latin America	9,122,996	27.8%	10,792,732	28.87%	-15.5%
Asia-Pacific	9,194,546	28.0%	10,662,529	28.52%	-13.8%
Classified by Sales Channel					
Direct Sales	1,584,828	4.8%	1,992,450	5.3%	-20.5%
Dealership	28,429,829	86.7%	31,782,088	85.0%	-10.5%
Others	2,764,799	8.4%	3,607,377	9.7%	-23.4%

² As of 2023, the India, Middle East & Africa (IMA) region has been reorganized such that the countries formerly included in this region will now be included in the Europe region (renamed EAME) or in the Asia Pacific region.

Unit: USD'000

	2023		2022		YoY +/-%
	Amount	Ratio of the operating revenue	Amount	Ratio of the operating revenue	
Total operating revenue	4,660,554	100%	5,569,989	100%	-16.3%
Classified by industries					
Manufacture of chemical raw materials and chemical products	4,660,554	100%	5,569,989	100%	-16.3%
Classified by products					
Herbicides	1,969,111	42.3%	2,478,957	44.5%	-20.6%
Fungicides	964,635	20.7%	1,048,303	18.8%	-8.0%
Insecticides	1,334,206	28.6%	1,505,222	27.0%	-11.4%
Ingredients and Intermediates (Non-Agro)	392,602	8.4%	537,507	9.7%	-27.0%
Classified by regions					
Europe, Africa & Middle East (EAME)	1,240,151	26.6%	1,352,497	24.3%	-8.3%
North America	820,319	17.6%	1,027,292	18.4%	-20.1%
Latin America	1,291,606	27.7%	1,592,286	28.6%	-18.9%
Asia-Pacific	1,308,478	28.1%	1,597,914	28.7%	-18.1%
Classified by Sales Channel					
Direct Sales	225,329	4.8%	296,880	5.3%	-24.1%
Dealership	4,042,623	86.7%	4,735,602	85.0%	-14.6%
Others	392,602	8.4%	537,507	9.7%	-27.0%

Notes: (1) the sales split per product category is provided for convenience purposes only, and is not representative of the way the Company is managed or in which it makes its operational decisions; (2) The discrepancies between the 'ratio of the operating revenue' in RMB and USD detailed in the tables above derive mainly from exchange rates recorded at the end of each quarter.

Regional Performance Review

Europe, Africa & Middle East (EAME): Sales in EAME decreased in the fourth quarter and full year of 2023 impacted by high channel inventories, erratic weather patterns and channel destocking, leading to lower volumes and pressure on prices. While the Company maintained pricing in the first half of 2023, pricing pressure was more notable in the second half of the year with increased market competition. In Central Eastern Europe demand was particularly impacted by lower grain market prices and negative weather impacted the cereal season in the North. Despite this, the Company focused on quality of the business, with sales in the UK increasing in the full year supported by new product introductions.

North America: Consumer & Professional Solutions – Sales in the fourth quarter and twelve-month period were lower than the corresponding periods. In the **consumer market** demand was impacted by a decline in disposable income, an outcome of inflationary pressures and high interest rates, while in the **professional market** this was due to demand being supplied from the channel inventories. Despite this, the professional market has begun showing signs of normalization returning to pre-COVID channel inventory levels for branded products, while commoditized products are still being held at and lower levels reflecting just-in-time purchasing patterns.

In the **US Ag** market sales in the fourth quarter and the twelve-month period reflected low demand, weak pricing and strong competition due to high inventory levels at manufactures. While inventory levels in the channel are steadily declining, manufactures are still holding high inventory levels leading to strong competition, thus pricing is still not presenting a

recovery with the market leaning into just-in-time purchasing patterns.

ADAMA reached record sales in **Canada** in the fourth quarter following expansion to new business segments as well as renewed demand with the restocking in certain segments where inventories had normalized coming out of the 2023 application season. Despite this, sales in the full year of 2023 remained mostly flat, also impacted by soft pricing for commoditized products and dry weather conditions in western Canada.

Latin America: Brazil – the Company's sales in the fourth quarter and full year declined following contraction of the overall crop protection market due to drought conditions leading to a weak soybean crop season, channel destocking and softer pricing. ADAMA focused on improving the quality of the business with differentiated products and reducing the share of highly generic sales.

Such differentiated products included Almada® (fungicide against soybean rust), Forasteiro® (herbicide for pasture) and Araddo® (herbicide for soybean and cotton).

In the **rest of LATAM** the sales in the fourth quarter recovered and increased with the normalization of channel inventories in most countries while sales remained flat in the full year of 2023, mainly impacted by pricing of commoditized products. It is noteworthy that the Company gained market share in key countries Argentina, Paraguay, Columbia and Mexico, while focusing on improving the quality of the business. Additionally, the Company's biologicals portfolio continued to be well received in specialty export countries. El Niño was a positive impact on the southern part of the region, with very good rains and was challenging for the Northern part of the region.

Asia-Pacific: In **China**, the market is still experiencing high channel inventories and pricing pressure especially in commodities impacting both the branded formulation and non-ag sales. Sales were supported by the branded business, driven by recent and new launches of differentiated products, and ADAMA's active ingredient business which recovered substantially, benefiting from the Sanonda Jingzhou site reaching high utilization after relocation.

In the **Pacific region**, sales in the full year and fourth quarter were impacted by high channel inventories and pricing pressure, combined with just in time purchasing patterns. In Australia, dryer weather also impacted sales. Despite this, sales benefited from the launch of the differentiated product Grindstone® and the Company's biologicals portfolio.

Sales in **India** declined over the full year period following high channel inventory, creating pressure on pricing in the market. Moreover, the erratic weather did not support the consumption of such inventory. Despite this, it is noteworthy that differentiated product Trassid™ was well accepted in the market and along with increased focus on farmer demand generation, the Company's sales increase in Q4.

Sales in the **wider APAC region** continued to experience pricing pressure, particularly from commoditized products. Despite this, particularly noteworthy was the performance of the Company's sales in South Korea resulting in market share gain, supported by positive weather conditions.

(2) List of the industries, products, regions and distribution models exceed 10% of the operating revenues or operating profits of the Company

√ Applicable □ Not applicable

The company is required to comply with the “*Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange: No. 3 - Disclosure of Industry Information*”.

Unit: RMB'000

	Operating revenues	Cost of goods sold	Gross Margin	YoY increase/decrease	YoY increase/decrease	YoY increase/decrease
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			(%)	e of the operating revenues	of the cost of goods sold	ase of the gross margin
Classified by industries						
Manufacturing chemical raw materials and chemical products	32,779,456	25,984,108	20.7%	-12.3%	-7.1%	-4.4%
Classified by Products						
Crop Protection	30,014,657	23,589,113	21.4%	-11.1%	-6.6%	-3.8%
Ingredients and Intermediates	2,764,799	2,394,995	13.4%	-23.5%	-12.1%	-11.2%

In the event that the statistical manner of the Company's main business data is adjusted during the reporting period, the Company's main business data for the most recent year adjusted to the manner at the end of the reporting period

Applicable Not applicable

	Production Volume (Ton)	Sales Volume (Ton)	Sales (RMB'000)	Pricing Trend during reporting period	Reasons to change
Crop Protection	389,772	653,113	30,014,657	YoY down	price of raw materials decreased, combined with inflation and high inventory level in the channel
Ingredients and Intermediates	433,369	1,561,507	2,764,799	YoY down	price of raw materials decreased, combined with low demand in the market

Whether the Company generates more than 10% revenue or net profit from its overseas business against the audited annual revenue and net profit for the most recent accounting year

Applicable Not applicable

Overseas Business	How it operates in foreign markets	Whether the tax policy influences the business overseas	measures it takes during the reporting period
Adama Solutions	The Group develops, purchases, manufactures and markets its products through many companies worldwide. As such, the Group operates through approximately 60 subsidiaries, with each of the Group companies being independent and fulfilling a different role and making a different contribution to the Group's operations, and being assessed according to the tax laws in their specific localities.	No material influence exists.	The Group's services or products are priced based on transfer pricing studies conducted to reflect the market price that would have been determined for these services or products were they to be provided to non-group members. Such transfer prices are reviewed on a quarterly basis.

(3) Whether the Company's revenue from sale of goods exceed the revenue from services√ Yes No

Industries	Items	Units	2023	2022	YoY +/-%
Crop Protection	Sales volume	Ton	653,113	690,015	-5%
	Production	Ton	389,772	472,619	-18%
	Inventory	Ton	161,146	241,095	-33%

Reasons for any over -30% YoY movement of the data above:

√ Applicable Not applicable

Throughout 2023, the Group strengthened inventory management and implemented selective procurement practices, prioritizing high margin products. As of December 31st, 2023, the inventory level decreased significantly compared with December 31, 2022.

(4) Execution of the significant sales and procurement contracts signed by the Company up to the Reporting Period Applicable Not applicable **(5) Composition of Operating Costs**

Category of the industries

Unit: RMB'000

Industries	Items	2023		2022		YoY +/-%
		Amount	Ratio of the operating costs	Amount	Ratio of the operating costs	
Industry of manufacturing chemical raw materials and chemical products	Cost of materials (procurement costs)	17,569,198	67.6%	26,200,706	93.6%	-32.9%
Industry of manufacturing chemical raw materials and chemical products	Labor cost	1,258,850	4.8%	1,303,087	4.7%	-3.4%
Industry of manufacturing chemical raw materials and chemical products	Depreciation expense	818,569	3.2%	793,086	2.8%	3.2%

Explanations:

Over the full-year period, the decline in the gross profit was mainly due to the weak pricing, moderated by the positive impact of new inventory sold, priced at market levels and an improvement in the sales mix of higher margin products, following management focus on the quality of business. Exchange rates also had an adverse impact moderated by lower logistic and production costs. Despite that, following focus on the quality of business the Company presented an improvement in the sales mix of higher margin products.

(6) Has the consolidated scope changed during the Reporting Period√ Yes No

During the reporting period, the Group acquired 100% equity interest in Agrinova New Zealand Limited.

(7) List of significant changes or adjustment of the industries, products or services of the Company during the reporting period Applicable Not applicable**(8) List of major trade debtors and major suppliers**

List of the major trade debtors of the Company

Total sales to top 5 customers (RMB'000)	2,920,686
Ratio of total sales to top 5 customers to annual total sales	8.85%
Ratio of total sales to related parties (within top 5 customers) to annual total sales	3.43%

Information of the Top 5 Customers

	Customers	Sales Amount (RMB'000)	Ratio of the sales to this customer to the annual total sales
1	A	1,130,675	3.43%
2	B	877,773	2.66%
3	C	367,040	1.11%
4	D	303,373	0.92%
5	E	241,825	0.73%
Aggregated		2,920,686	8.85%

Notes of other situation of the major customers

 Applicable Not applicable

List of the major suppliers of the Company

Total purchase from top 5 suppliers (RMB'000)	2,594,628
Ratio of total purchase from top 5 suppliers to annual total purchase	17.7%
Ratio of total purchase from related parties (within top 5 suppliers) to annual total purchase	9.28%

Information of the Top 5 Suppliers

	Suppliers	Purchase Amount (RMB'000)	Ratio to the annual total sales
1	A	1,074,590	7.34%

2	B	522,947	3.57%
3	C	385,504	2.63%
4	D	328,223	2.24%
5	E	283,364	1.94%
Aggregated		2,594,628	17.73%

Notes of the other situation of the major suppliers

Applicable Not applicable

3. Expenses

	In RMB '000			In USD '000		
	2023	2022	YoY +/-%	2023	2022	YoY +/-%
Sales and Marketing expenses	4,208,108	4,396,279	-4.28%	597,966	653,982	-8.6%
General and Administrative expenses	1,057,410	1,406,828	-24.84%	150,011	208,444	-28.03%
R&D expenses	482,754	577,859	-16.46%	68,688	85,874	-20.01%
Financial (income) / expenses	1,183,118	325,796	263.15%	167,378	42,854	290.58%
Profit or (Loss) from Changes of Fair Value	(650,374)	(1,504,832)	-56.78%	(94,230)	(229,774)	-58.99%
Total Net Financial Expenses	1,833,492	1,830,628	0.16%	261,608	272,628	-4.04%
Tax expenses	200,977	147,442	36.31%	27,866	22,163	25.73%

Explanations for the change of above expenses:

Note: As noted above and since 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.

(1) Sales and Marketing Expenses

In recent years, the Company conducted various corporate development activities, including mergers and acquisitions, which resulted in the inclusion within its sales and marketing expenses of various non-operational, mostly non-cash charges affecting the Company's reported numbers amounting to RMB 251 million (\$36 million) in the full year of 2023 in comparison to RMB 250 million (\$37 million) in 2022. These charges include mainly:

- (i) Non-cash amortization charges in respect of Transfer Assets received and written-up related to the 2017 ChemChina-Syngenta acquisition. 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. These additional amortization charges will continue until 2032 but at a reducing rate, yet will still be at a meaningful level until 2028; (ii) charges related to the non-cash amortization of intangible assets created as part of the Purchase Price Allocation (PPA) on acquisitions, with no impact on the ongoing performance of the companies acquired.

Excluding the abovementioned non-operational charges, the lower selling and marketing expenses reflected the OPEX management measures taken by the Company to address the market conditions, a reduction in performance-based compensation, and the positive impact of exchange rates.

(2) General and Administrative Expenses

The Company continues to maintain strong operating cost discipline. The lower general and administrative expenses reflected the same reasons as the selling and marketing expenses above.

(3) R&D Expenses

In order to capitalize on future opportunities in the agrochemical market, the Company has intensified its efforts in recent years to develop a leading pipeline of crop protection products aimed at providing value-added solutions to farmers around the world and build significant positions in a number of strategic market segments, under the strategic plans named “Core Leap” and “Formulation Mastery” targeted at AIs and formulation technologies respectively. During 2023, Adama launched 11 new differentiated products and registered 20 new differentiated products in select countries. The R&D expenses reflected part of the Company’s inputs in innovation, development and registration activities.

(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 1,183 million (\$167 million) for 2023 compared with RMB 326 million (\$43 million) for 2022.

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.

“Gains/Losses from Changes in Fair Value” amounted to a net loss of RMB 650 million (\$94 million) in 2023 compared with a net loss of RMB 1,505 million (\$230 million) in 2022.

The aggregate of Financial Expenses and Gains/Losses from Changes in Fair Value (hereinafter as “**Total Net Financial Expenses**”), which more comprehensively reflects the financial expenses of the Company in supporting its main business and protecting its monetary assets/liabilities, amounts to RMB 1,833 million (\$262 million) in 2023 compared with RMB 1,831 million (\$273 million) in 2022.

The level of Total Net Financial Expenses were mainly due to higher bank interest expenses due to the increase in interest rates and an increase in short-term loans, partially offset by lower bond interest and CPI and holdback release related to the original acquisition.

(5) Income Tax expenses:

Despite reaching losses before tax, the Company recorded tax expenses in the full year of 2023, mainly because the losses were primarily incurred by subsidiaries with relatively lower tax rates, while some of them did not create deferred tax assets on the losses. On the other hand, the subsidiaries that generated profit have a higher tax rate.

4. R&D Investment

√ Applicable □ Not applicable

Name of Major R&D Projects	Purpose	Progress	Objectives to be Achieved	Expected Impact on the Future Development of the Company
Fungicide project A	AI Production to achieve pipeline increase and resistance management	In launch phase	Process improvement	To increase the Company's pipeline and expand future portfolio
Fungicide project B	AI Production of a fungicide for broad spectrum disease control	In launch phase	Process improvement	To expand the Company's future portfolio
Herbicide project C	AI Production of a selective broad spectrum herbicide	In launch phase	Process validation	To expand the Company's future portfolio
Insecticide project D	AI Production of a broad spectrum insecticide	In launch phase	Process improvement	To expand the Company's future portfolio
Insecticide project E	AI Production for cross spectrum insect control	Pre-launch phase	Tech Transfer	To expand the Company's future portfolio

R&D Personnel

	2023	2022	Change (%)
R&D Headcount	289	277	4%
Ratio to the Total Headcount	3.26%	3.01%	8%
Composition of Educational Background	—	—	
B.A.	12	17	-29%
M.A.	20	16	25%
Doctor	5	5	0
College	1	5	-80%
Composition of Age	—	—	
Under 30 Years Old	1	5	-80%
30 to 40 Years Old	25	29	-14%
Over 40 Years Old	12	9	33%

Note: The figures under "Composition of Educational Background" and "Composition of Age" represent those of the Company and the domestic subsidiaries held by it and do not cover the Group's overseas R&D employees.

R&D Investment of the Company

	2023	2022	Change (%)
R&D Investment (RMB'000)	482,754	577,859	-16.46%

	2023	2022	Change (%)
Ratio of R&D investment to operating income	1.47%	1.55%	-0.08%
Amount of capitalized R&D investment (RMB'000)	-	-	-
Ratio of capitalized R&D investment to total R&D investment	-	-	-

Reasons for and effects of significant changes to the composition of the Company's R&D personnel

Applicable Not applicable

Reason of notable changes over the last year in the ratio of total R&D investment amount to operating income

Applicable Not applicable

Reason of notable change in the ratio of R&D investment capitalization and its reasonable explanation

Applicable Not applicable

5. Cash flow

Unit: RMB'000

Item	2023	2022	YoY +/-%
Subtotal of cash inflows from operating activities	33,353,503	36,575,473	-8.81%
Subtotal of cash outflows from operating activities	30,735,626	35,634,728	-13.75%
Net cash flows from operating activities	2,617,877	940,745	178.28%
Subtotal of cash inflows from investing activities	256,312	136,738	87.45%
Subtotal of cash outflows from investing activities	2,644,565	2,797,180	-5.46%
Net cash flows from investing activities	(2,388,253)	(2,660,442)	-10.23%
Subtotal of cash inflows from financing activities	7,127,882	4,632,633	53.86%
Subtotal of cash outflows from financing activities	6,753,600	4,688,423	44.05%
Net cash flows from financing activities	374,282	(55,790)	770.88%
Net increase in cash and cash equivalents	632,105	(1,534,227)	141.20%

Notes of the major effects on the YoY significant changes occurred of the data above

Applicable Not applicable

Cash flow from Operating Activities: Despite lower sales, the significantly higher cash flow generated in the full year of 2023 was primarily due to a decrease in the procurement of goods as well as intensive collection.

Cash flow from Investing Activities: The cash used in investing activities in the fourth quarter and full year of 2023 reflected the prioritization of investments, part of the actions taken by the Company to improve its cash flow. The Company invested in fixed assets including its new production facilities in ADAMA Anpon and manufacturing capabilities in Israel and investments in intangible assets relating to ADAMA's global registrations of the Company's products, integration of an ERP system as well as the acquisition of AgriNova New Zealand in Q1 2023.

Cash flow from Financing Activities: The cash used in financing activities in 2023 reflected the realization of loss on hedging positions (in respect to the Company's Israeli ILS-denominated bonds, following the weakening of the Shekel against the US dollar), which was offset by an increase in loan borrowing to support the negative free cash flow.

Notes to the reason of the significant differences between the net cash flow from the operating activities and the net profits of 2023 of the Company during the Reporting Period

√ Applicable □ Not applicable

Please refer to the notes provided above under this item.

V. Analysis of the non-core business

√ Applicable □ Not applicable

Unit: RMB'000

	Amount	% of total loss	Explanation	Recurrence
Investment income	19,078	-1.36%		No
Gain/loss from change of FV	(650,374)	46.29%	Mainly foreign currency effect on financial assets and liabilities (refer to explanation to Financial expenses above).	No
Impairment of asset	549,893	39.14%	Please refer to the Announcement on Asset Impairment (Announcement No. 2023-30 and 2023-36), Announcement on Asset Impairments Made by a Controlled Subsidiary for the Fourth Quarter of 2023 (Announcement No. 2024-1) and Announcement on Asset Impairment for 2023 Full Year (Announcement No. 2024-7) disclosed on www.cninfo.com.cn	No
Credit impairment loss	54,453	3.88%	Please refer to the Announcement on Asset Impairment (Announcement No. 2023-30 and 2023-36) and Announcement on Asset Impairment for 2023 Full Year (Announcement No. 2024-7) disclosed on www.cninfo.com.cn	No
Gain from disposal of assets	19,679	-1.40%		No
Non-operating income	110,046	-7.83%		No
Non-operating loss	53,941	3.84%		No

VI. List and Analysis of the assets and liabilities

1. List of significant changes of assets

Unit: RMB'000

Item	As at 31 Dec. 2023		As at 31 Dec. 2022		% change	Explanation for any major change
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	4,881,328	8.81%	4,290,961	7.40%	1.41%	Additional financing and less procurement.
Accounts receivable	8,146,677	14.70%	9,018,375	15.55%	-0.85%	
Inventories	13,088,757	23.62%	16,927,241	29.19%	-5.57%	Decrease in the procurement of goods.
Investment property	22,145	0.04%	3,168	0.01%	0.03%	
Long term equity	31,474	0.06%	26,368	0.05%	0.01%	

Item	As at 31 Dec. 2023		As at 31 Dec. 2022		% change	Explanation for any major change
	Amount	% of total assets	Amount	% of total assets		
investments						
Fixed assets	10,040,113	18.12%	8,952,184	15.44%	2.68%	The increase is mainly due to transfer of CIP projects.
Construction in progress	2,507,328	4.53%	2,961,401	5.11%	-0.58%	
Rights of use assets	625,235	1.13%	555,889	0.96%	0.17%	
Short-term loans	5,733,522	10.35%	3,342,921	5.77%	4.58%	Supporting the increased working capital.
Contract Liabilities	1,514,365	2.73%	1,776,573	3.06%	-0.33%	
Long-term loans	2,885,939	5.21%	3,662,870	6.32%	-1.11%	
Lease liabilities	495,459	0.89%	431,076	0.74%	0.15%	

Overseas assets account for a higher proportion

√ Applicable □ Not Applicable

Specific contents of the assets	Reason	Scale (Amount) of the assets (RMB'000)	Location	Operation /Management mode	Control measures to guarantee safety of the assets	Net Profit of the assets (RMB'000)	Proportion of overseas assets out of total net assets (%)	Significant impairment risk?
Equity investment in Adama Solutions	Acquired through Major Assets Restructuring	18,662,632	Israel and globally	Corporate Governance	Corporate Governance	(1,701,449)	85%	No
Other explanations					N/A			

2. Assets and liabilities measured at fair value

√ Applicable □ Not applicable

Unit: RMB'000

Item	Opening balance	Fair value change recognized in P&L	Fair value change recognized in equity	Purchase	Sale	Other change	Closing balance
Financial assets							
1. Financial assets measured at FVTPL (excluding derivative financial assets)	1,685	-	-	227	-	-	1,912
2. Derivative financial assets	233,809	(808,041)	44,824	1,442,712	(63,167)	-	850,137
3. Other equity investments	158,341	-	(26,323)	-	-	-	132,018
Total financial assets	393,835	(808,041)	18,501	1,442,939	(63,167)	-	984,067
Others	189,601	(44,539)	-	65,163	(5,752)	-	204,473
Total of above	583,436	(852,580)	18,501	1,508,102	(68,919)	-	1,188,540
Financial liabilities	545,516	62,271	-	-	-	-	607,787

Significant changes in the measurement attributes of the main assets in the Reporting Period

Yes No

3. Restriction / limitation on asset rights

At the end of the Reporting Period, restricted assets including Company's bank balance of RMB 23,970,000 as cash deposit for bills receivable; and other non-current assets of RMB 207,027,000 as deposit for legal suits.

VII. List and Analysis of the investment

1. Overall condition

Applicable Not applicable

Investment during the Reporting Period (RMB'000)	Investment during the Same Period Last Year (RMB'000)	+/-% YoY
16,053,799	15,361,143	4.5%

2. List of the significant equity investment during the Reporting Period

Applicable Not Applicable

Unit: '000 RMB yuan

Name of the Invested Company	Main Businesses	Mode of Investment	Investment Amount	Shareholding Proportion	Source of Funds	Investment Partner	Investment Term	Types of Products	Progress as of the Balance Sheet Date	Estimated Return	Profit or Loss on Investments for the Reporting Period	Involved in Litigation or Not	Date of Disclosure (if applicable)	Disclosure Index (if applicable)
Agrinova New Zealand Limited	Pesticides	Acquisition	170,155	100%	Self-raised funds	None	Long Term	Crop protection products, growth regulators, biological formulations and plant nutrients for horticulture	Completed	--	23,852	No	January 6 th , 2023	<i>Announcement on the Closing Acquisition of 100% Equity Interests in Agrinova New Zealand Limited by a Wholly-Owned Subsidiary (No.2023-1) disclosed by the Company on www.cninfo.com</i>
Adama Chile S.A.*	Pesticides	Acquisition	116,311	100%	Self-raised funds	None	Long Term	Chemical crop protection products and biological stimulants	Completed	--	--*	No	March 14 th , 2023	<i>Announcement on the Acquisition of Equity Held by Minority Shareholders of a Controlling Subsidiary (No. 2023-7) disclosed by the Company on www.cninfo.com</i>
Total	--	--	286,466	--	--	--	--	--	--	--	23,852	--	--	--

*Note: The Company previously indirectly held 60% equity of Adama Chile S.A., and consolidated Adama Chile S.A. in the financial statements as a subsidiary. After the acquisition, the Company indirectly held 100% equity of Adama Chile S.A.

3. List of the significant non-equity investments executed during the Reporting Period

Applicable Not applicable

4. Investment on the financial assets

(1) List investments in securities

Applicable Not applicable

No such investments were executed during the Reporting Period.

(2) Investment in derivative financial instruments

√ Applicable □ Not applicable

(1) Investment in Derivative Financial Instruments for Hedging during the Reporting Period

√ Applicable □ Not Applicable

Unit: 000 RMB

Investment Type	Initial investment amount	Opening Balance	Profit/loss on fair value changes in the Reporting Period	Cumulative fair value changes charged to equity	Purchased in the Reporting Period	Sold in the Reporting Period	Closing Balance	Percentage of investment amount divided by net asset at end of the period
Option	3,490,710	3,490,710	(261,094)	(249,175)	4,774,021	(3,490,710)	4,774,021	61.03%
Forward	22,863,927	22,863,927	(609,218)	(581,407)	11,279,778	(22,863,927)	11,279,778	144.19%
Total	26,354,637	26,354,637	(870,312)	(830,582)	16,053,799	(6,354,637)	16,053,799	205.22%
Explanation of accounting policies and principles for hedging, and any significant changes compared with last reporting period	Please refer to Section X of this Report, note III. 28.1 for the disclosure of the accounting policies for hedging. There is no change in the accounting policies for hedging during the reporting period.							
Explanations about gain/loss during the Reporting Period	The loss this year is mainly due to the devaluation in the ILS of 3.3% and evaluation in the BRL of 7.2%							
Explanations for hedging effect	Despite of the loss incurred from the hedging transactions, the Group has effectively mitigated the impact from the exchange rate fluctuations during the year.							
Source of fund for the investment	Internal.							
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.</p> <p>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.</p> <p>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.</p> <p>As to operational risk, the Group is working with relevant software, which is its back office for all transactions.</p> <p>No legal risk is involved.</p> <p>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 							

	<p>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 Adama Solutions and its subsidiaries.</p> <ul style="list-style-type: none"> • 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. <ul style="list-style-type: none"> • 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.</p> <p>Specific methodology and assumptions should be disclosed in the analysis of fair value of the investments</p>	<p>The aforesaid refers to short time hedging currency transactions made by the relevant subsidiary with banks.</p> <p>Segregation of duties as follows:</p> <p>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 X of this 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>
<p>Litigation-related situations (if applicable)</p>	N/A
<p>Date of disclosure of Board approval (if any)</p>	December 30, 2017
<p>Date of disclosure of Shareholders' approval (if any)</p>	N/A
<p>Independent Directors' opinion on the investment in derivative financial instruments and related risk controls</p>	<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>

The company is required to comply with the “Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange: No. 3 - Disclosure of Industry Information”.

The derivative transactions carried out by the Group were mainly through options and forward in order to mitigate the currency exposure and the fluctuation in Israeli CPI. For more details, please refer to the section above.

(2) Investment in Derivative Financial Instruments for Speculation during the Reporting Period

Applicable Not Applicable

No such situation occurred during the Reporting Period.

5. Use of raised funds

Applicable Not applicable

VIII. Sale of significant assets and equities

1. Sale of significant assets

Applicable Not applicable

No selling of significant assets occurred during the reporting period.

2. Sale of significant equities

Applicable Not applicable

IX. Analysis of major controlling and stock-participating companies

Applicable Not applicable

List of stock-participating companies responsible for over 10% of the net profits of the Company:

Unit: RMB'000

Name	Type	Main services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Adama Solutions	Subsidiary	Development, manufacturing and marketing of agrochemicals, intermediate materials for other industries, food additives and synthetic aromatic products, mainly for export.	720,085	46,287,085	15,839,934	29,527,356	(1,670,809)	(1,730,125)

Subsidiaries acquired or disposed during the Reporting Period

Applicable Not Applicable

Name of the Subsidiary	Mode of Acquisition and Disposal of Subsidiaries during the Reporting Period	Impact on Production, Operation and Performance
Agrinova New Zealand Limited	Equity Acquisition	The 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. Its 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.

Description of major holding and equity participating companies

During the Reporting Period, total sales of Solutions, a wholly-owned subsidiary of the Company, amounted to USD 4,192 million, a decrease of 15% (7% decrease in volume and 7% decrease in prices), driven by high channel inventory and channel destocking in light of high interest rates creating last-minute purchase patterns, as well as pressure on market prices. Solutions made a net loss of USD 242 million in the full year period. For detailed explanation of the performance movement, see above explanation of the Section.

X. List of the structured main entities controlled by the Company

Applicable Not applicable

XI. Outlook of the Company's future development

(I) Industry structure and trends

1. The competitive structure of crop protection industry

(1) The competitive structure of the global crop protection industry

The global crop protection market is dominated by seven multinational companies, including the Group, five of which are originator companies. In the past decade, a number of mergers and acquisitions were completed among the largest players in the crop protection industry. Nonetheless, the crop protection industry as a whole is relatively decentralized, with a number of local manufacturers competing in each country against the global multinational companies. The Group believes that entry barriers for the crop protection market are relatively high, although they vary from region to region.

ADAMA is a leading company among the crop-protection companies that focus on off-patent crop protection solutions. The Group's global crop protection market share was approximately 5.1% in 2023, based on preliminary estimation made by AgBio Investor regarding total sales in the agrochemical industry, and 6.5% in 2022.

The Group's competitors are multinational Originator Companies that continue producing and marketing their original products after their patent expiry ("**Originator Companies**"), as well as other crop protection companies. In the Group's experience, in most cases the Originator Company's market share in a particular product fall to approximately 30% - 70% within a number of years following the expiry of the relevant patent, leaving the remaining market share open to competition among off-patent crop protection companies, in addition to their competition with the Originator Company (which continues

manufacturing the product and even leads its market prices and sales terms).

The Group competes with Originator Companies and other international off-patent crop protection companies in all the markets in which it operates, as these companies generally also have global marketing and distribution networks. In addition, there are several smaller Originator Companies that also compete with the Group. As a rule, other off-patent crop protection companies that do not have international marketing and distribution networks compete with the Group locally in those geographical markets in which they operate.

(2) The competitive structure of the crop-protection industry in China

The chemicals industry in China, which the Company understands to be the largest in the world, as well as the agrochemicals industry in the country, includes thousands of companies which have invested in manufacturing infrastructure, most of whose production capacity is currently aimed at exports, intended for sale through small and large companies across the world, including companies like the Group and its competitors. The growth in production capacity, on one hand, and the price levels and competitiveness of the products produced in China on the other, affect the structure of competition in the entire industry. However, price levels of the products manufactured in China have risen in recent years, mainly stemming from the increase of costs relating to environment protection and regulation in China, including by way of limited granting of production permits, shutting down of plants, fines, etc. Active Ingredient prices in China began to increase at the end of 2020 due to the recovery of oil prices together with reduced capacities of chemical manufactures caused by higher raw material costs - a dynamic that has continued throughout 2021. In the beginning of 2022, the prices of AI peaked, and have since been declining, though maintaining historically elevated levels. The cost environment further improved in 2023 as active ingredient prices in China continued to decline all through 2023 reaching low levels.

2. The development trends of the crop-protection industry

In the last few years, some new emerging trends that may affect the nature of competition in this sector can be identified: (1) The market share of products whose patents have expired continues to rise relative to that of patented original products, primarily due to the fact that the rate of patent expiry exceeds that of the launching of new patent-protected products; (2) a trend of some off-patent companies expanding and becoming stronger (inter alia, as a result of corporate mergers and acquisitions as well as product acquisitions), which may lead to them competing with the Group in geographic markets in which they have not operated up to now; (3) smaller companies have begun operating, in limited scale, in certain markets with relatively low entry barriers; (4) improvement of the agrochemicals industry in China inter alia, increasing market entry barriers; (5) price competition in certain markets by multinational Originator Companies and/or increasing the credit days to its customers; and (6) large mergers and acquisitions among leading companies in the sector.

The Group believes that in view of the industry's development trends, the following are critical success factors: (i) reputation, branding, expertise and accumulated knowledge in the sector in the various countries and among customers and suppliers; (ii) financial strength and resilience combined with consistent growth, allowing the Group to realize a corporate development strategy including the potential for mergers and acquisitions with other companies in the sphere, and being able to respond efficiently to attractive business opportunities in order to expand its product portfolio and the scale of its operations; and (iii) access to funding sources and reasonable funding terms allowing the Group to make investments that earn a positive return.

(II) Development strategy of the Company

The Group strives to be a global leader in the Crop Protection industry, and intends to achieve this aim by execution of the following strategies:

- **Utilize the Group's Differentiated Offering to Strengthen and Grow its Market Position.** The Group intends to continue to drive the growth of its business through effective commercialization of differentiated, high quality products that meet farmers' needs efficiently. To that end, the Group will leverage its extensive R&D and registration capabilities to continue to provide unique yet simple solutions to farmers. In addition, the Group adds value by enhancing the

functionality and efficacy of the industry's most successful and commercially proven molecules, by developing new and unique mixtures and advanced formulations. These innovative products are designed to provide farmers with better solutions to the challenges they face, including weeds, insects and disease, increasing resistance and insufficient pest control related to the use of genetically modified seeds.

Aiming to provide distinct benefit to farmers and enhance the sustainability of the business, in addition to the ongoing efforts to expand existing product registrations to additional crops and regions, a key portion of the Group's strategy involves the deliberate shift of its product offering towards more innovative and value-added solutions. Such solutions include higher-margin, higher-value complex off-patent products, unique mixtures and formulations as well as innovative, novel products that are protected by patents and other intellectual property rights. As evidence of this effort, the Group has significantly increased the proportion of unique mixtures and formulations in its R&D pipeline over the last several years. Over the coming years, as this shift in the pipeline towards more differentiated and innovative solutions starts to be reflected in the Group's commercial offering, it is expected to be a significant driver of growth in profitability. In this respect, and in order to capitalize on future opportunities in the agrochemical market, the Group has intensified its efforts to develop a leading pipeline of crop protection products aimed at providing value-added solutions to farmers around the world, based on AIs that are expected to come off-patent in the coming years. These newly off-patent AIs will be developed into new mixtures and formulations, in combination with new formulation and delivery technologies that provide more efficient ways to deliver the products into the plants, thereby creating truly unique and differentiated, value-added solutions to farmers. In this way, the Group strives to achieve a double competitive advantage – to be the first to market launching new products after the expiry of the patent on the AI, and to capitalize on cost leadership through increased backward integration through the Group's global operations capabilities.

- **Bridge China and the World.** The Group is striving to become a leading global crop protection company in China, both commercially and operationally, and in so doing, to drive its global growth in the future.

China is currently the third largest, and one of the fastest growing, agricultural markets in the world. Moreover, in recent decades, China has become the leading manufacturing center for the global crop protection industry - from the sourcing of raw materials and chemical intermediates to the synthesizing of active ingredients and the formulation of finished products.

The Group intends to capitalize on its status in China and its relationship with ChemChina, as well as close collaboration Syngenta Group, to increase its commercial activity in the country, where it is already building additional infrastructure. The Group's commercial teams are working closely together. Through the commercial collaborations, the Group has an operational infrastructure and commercial foundation upon which a leading Chinese domestic distribution network has been built, and which the Group believes will make it one of the only global crop protection providers with significant integrated commercial and operational infrastructures both within and outside of China.

Through the combination with Solutions and the collaboration with the Syngenta Group Companies, the Group intends to achieve cost savings and improved margins and efficiencies through the vertical integration of manufacturing and formulation together with the Group's global supply chain and logistics capabilities. In addition, the Group's global R&D efforts are being complemented by a new R&D center in Nanjing to service the Group's expanded product development needs and enable the introduction of advanced technologies into China and globally. The Group expects to drive significant demand for its products by launching new and advanced active ingredients and intermediates with higher R&D content. In addition, the advanced formulation center in Jiangsu Province will serve as a platform to introduce cost-advantaged crop protection solutions into China and globally.

The Group expects that its unique positioning and profile in China, including the relationship with Syngenta group and Sinochem, should establish it as a partner of choice for companies outside China seeking to access its domestic market, as well as for Chinese companies looking to expand their global footprint. In addition to the combination and the commercial collaboration, the Group is assessing strategic joint ventures and selected acquisitions to further bolster its

commercial and operational platform in China.

- **Collaboration of the Company with Syngenta and Sinochem as members of the Syngenta Group.** The Company engaged with Syngenta in collaboration agreements for sale and distribution of finished products, raw materials supply, joint ventures in the fields of procurement, logistics, production and supply chain as well as in the R&D and products' registration fields, in order to reduce costs, to improve processes and to increase the Company's sales. Such collaborations have and are expected to continue to generate meaningful additional benefits for the Group as well as Syngenta Group.
- **Continue to Strengthen Position in Emerging Markets.** In addition to developing its China platform, the Group enjoys strong and leading positions in key emerging agricultural markets such as Latin America, India, Asia and Eastern Europe, with around half of its global sales achieved in these emerging markets. Over the last several years, in order to establish direct market access and distribution capabilities in these markets, the Group has successfully integrated acquisitions in Chile, France, Greece, Paraguay, Peru, Romania, New Zealand, China and the US. Similarly, the Group has a direct go-to-market strategy in many high-growth markets around the world, leveraging a direct sales force and driving demand at the retail and farmer level. The Group intends to continue to invest in its growth in the key emerging markets with high growth potential. The Group's strong global platform and leading commercial infrastructure in such markets will allow it to capitalize on worldwide growth opportunities, and continue to drive its profitable growth.
- **Grow Revenues and Increase Profitability.** The Group believes that it has the capacity and operational leverage to increase profitability through focused execution of its strategy within the framework of prudent working capital management. The Group is aiming to increase its revenues and margins consistently over time as it shifts to a more differentiated, higher-margin product portfolio and continues to strengthen its product pipeline with significant number of higher-value products, based on AIs which patent protection has just expired, unique mixtures and formulations, as well as innovative and, in some cases, patent-protected products. The Group believes that its investment in developing an operational footprint in China will lower costs and improve manufacturing efficiency and distribution logistics and reduce inventory requirements in many markets worldwide.

In recent years, the Group has focused on growing and improving its business, infrastructure and brand. Other than investments in the further development of its China operations, the Group believes that its existing global infrastructure is largely of sufficient scale to support higher revenues, allowing it to enjoy economies of scale and continually improve profitability over time.

- **Continue to Capitalize on the Global Portfolio Integration and Rebranding Initiative.** In 2014 the ADAMA brand was launched, integrating dozens of legacy brands across the globe to form a single, streamlined sales and distribution entity under a unified brand name. In 2019, following extensive farmer and customer research in 13 major markets, the Company further evolved its brand, creating a unique and compelling brand story that elevates ADAMA's distinct entrepreneurial and agile culture; increases its relevance to its customers (channel partners and growers); and further differentiates the Company from key competitors. The evolved brand positioning, known as "Listen, Learn, Deliver", focuses on a process of listening to customer needs, bringing insights from the field and combining them with the extensive know-how and experience in the Company; and delivering solutions that meet local farmer and customer pain points. The Core Leap strategy discussed above provides the platform needed to create distinct mixtures and formulations based on farmer needs. With this new brand positioning the Company is investing in platforms to ensure ongoing and intimate farmer and customer interactions which will provide the source for future product and solution ideation.
- **Strategically Pursue Acquisitions to Enhance Market Access and Strengthen the Product Portfolio.** Throughout its history, the Group has successfully completed and integrated several add-on acquisitions across the globe. The Group intends to continue to pursue acquisitions, in-licensing agreements and joint ventures that offer attractive opportunities to enhance its market access and position, as well as strengthen and further differentiate its product portfolio.

(III) 2024 Business plan

In 2024, the Company anticipates a maintained depressed environment in global economic growth due to the high-interest environment, which will lead to a cautious crop protection channel purchasing behavior, with no sharp inventory restocking. Despite this, crop protection consumption at the farmer level is expected to remain healthy, supported by high crop area and reasonable farmer margins. The prices of AI from China are expected to remain low due to over-capacity in China, however, the eventual increase in volumes may outpace the pricing pressure, leading to somewhat moderate growth in the market.

Overall, the Group is expecting to see moderate revenue growth driven by volume growth and the continued launch of new products. However, the extent to which this will materialize will be determined by its ability to execute on its plans, as well as other external impacts such as weather conditions, competition in the market and other unforeseeable dynamics.

The Group aims to continue to exercise discipline in management of its operating expenses, while focusing on improvement in working capital efficiency and quality of business.

In 2024, the Group strives to expand its differentiated offering, specifically with the registrations and launch of products with proprietary formulations. This will be driven by investment in Innovation, Research and Development, and focusing on all aspects of development of its portfolio – product development, obtaining of registrations, development of advanced formulations and innovative delivery technologies, as well as differentiated mixtures, alongside further investments in chemical R&D.

Furthermore, following the completion of the Relocation & Upgrade program in Jingzhou, and reaching high utilization rate, in the coming year the Group will continue to focus on the upgrading and relocation of the production facilities in Huai'An, as well as the continued build-up of its commercial and operational presence in China.

Note: The business plan described above does not constitute a commitment to investors on the Company's performance, and the Company suggests that investors should maintain adequate risk awareness therefor, and understand the difference between the Company's business plan and a performance commitment.

(IV) Company's financing and credit

The Group finances its business activities by means of its equity as well as credit from external sources. The primary external financing is by means of long-term bonds issued by Solutions.

The Group has additional sources of external funding from: (1) long-term credit from banks and related parties; (2) short-term bank credit and related parties, as well as non-tradable commercial securities; and (3) supplier credit. In addition, the Group has significant cash balances as well as unused set bank credit lines.

(V) Risk factors and countermeasures

The Group is exposed to several major risk factors, resulting from its economic environment, the industry and the Group's unique characteristics, as follows (the order below does not indicate priority):

Exchange rate fluctuations

Although the Company reports its consolidated financial statements in RMB, the Company's material subsidiary Solutions reports its consolidated financial statements in US dollars, which is its functional currency, while its operations, sales and purchases of raw materials are carried out in various currencies. Therefore, fluctuations in the exchange rate of the selling currency against the purchasing currency impact the Company's results. The Group's most significant exposures are to the Euro, the Israeli Shekel and the Brazilian Real. The Group has lesser exposures to other currencies. The strengthening of the US dollar against other currencies in which the Company operates reduces the dollar value of such sales and vice versa.

On an annual basis, approximately 22% of the Group's sales are to the European market and therefore the impact of long-term trends on the Euro may affect the Company's results and profitability.

Analyses of currency exposure from foreign currency exchange rate fluctuations against assets, liabilities and cash flow denominated in foreign currencies are done constantly. High volatility of the exchange rates of these currencies could increase the costs of transactions to hedge against currency exposure, thereby increasing the Company's financing costs.

The Group uses commonly accepted financial instruments to hedge most of its substantial net balance sheet exposure to any particular currency. Nonetheless, since as part of these operations the Group hedges against most of its balance sheet exposure and only against part of its economic exposure, exchange rate volatility might impact the Group's results and profitability. As of the date of publication of this Report, the Group has hedged most of its balance sheet exposure.

In addition, as the Company's product sales depend directly on the cyclical nature of the agricultural seasons, therefore the Company's income and its exposure to the various currencies is not evenly distributed over the year. Countries in the northern hemisphere have similar agricultural seasons and therefore, in these countries, the highest sales are usually during the first half of the calendar year. During this period, the Company is most exposed to the Euro. In the southern hemisphere, the seasons are opposite and most of the local sales are carried out during the second half of the year. During these months, most of the Company's exposure pertains to the Brazilian Real.

Exposure to Interest rate, Israel CPI and NIS exchange rate fluctuations

The debentures issued by Solutions, the material subsidiary of the Company, are Israeli Shekel based and linked to the Israel Consumer Price Index "CPI" and therefore an increase in the CPI and an appreciation of the shekel rate against the dollar might lead to a significant increase in its financing expenses. In addition, high volatility of the exchange rate of USD/NIS and expectations of material changes in the inflation rate, may increase the costs of hedging transactions on currency exposure, and as a result, may lead to a further increase in the company's financing costs. As of the date of approval of the financial statements, Solutions hedged most of its exposure to these risks on an ongoing basis, through CPI hedging and USD-ILS exchange rate hedging transactions.

In addition, inflation in several global markets has a cross effect on the business results of the Group, since on one hand, it contributes to the Group's ability to increase the sale price of its products, but on the other hand, it may increase the Group's production costs and operating expenses. As of the date of the Report, the Group is unable to isolate the influence of inflation on its sale prices and its costs. The Group estimates that the cumulative cross influence of inflation does not have a material effect on its financial results.

Since December 31, 2021, the Group have had dollar denominated liabilities bearing variable London Interbank Offered Rates (LIBOR) interest. As a result, the Group was exposed to changes in the US dollar LIBOR interest rate. The Group prepares a quarterly summary of its exposure to changes in the relevant interest rate benchmarks (which replaced the LIBOR interest rate) and periodically examines hedging the variable interest rate by converting it to a fixed rate. As part of the global reform in interest rate benchmarks, the phasing out of LIBOR (the so-called LIBOR fallback) was scheduled for the end of 2021. As of January 1, 2022 three global interest rate benchmarks has transitioned to alternative risk-free rates while replacing the former benchmark LIBOR: SOFR (USD), ESTR (EUR) and SONIA (GBP). As of the date of publication of this Report, the Group has not carried out hedging for such exposure, since US dollar interest rates have been relatively stable.

In addition, the effect of interest changes on the debt that serves the Group's working capital is seasonal. Such debt bears a variable interest, but has no material effect on the Group's financing expenses. As a result, the net increase in interest rate does not have a material effect on the Group's business.

Business operations in emerging markets

The Group conducts business - mainly product sales and raw material procurement – inter alia, in emerging markets such as Latin America (particularly in Brazil, the largest market, country wise, in which the Group operates), Eastern Europe, Southeast Asia and Africa. The Group's activity in emerging markets is exposed to risks typical of those markets, including: political and regulatory instability; volatile exchange rates; economic and fiscal instability and frequent revisions of

economic legislation; relatively high inflation and interest rates; terrorism or war; restrictions on import and trade; differing business cultures; uncertainty as to the ability to enforce contractual and intellectual property rights; foreign currency controls; governmental price controls; restrictions on the withdrawal of money from the country; barter deals and potential entry of international competitors and accelerated consolidations by large-scale competitors in these markets. Developments in these regions may have a significant effect on the Group's operations. Distress to the economies of these markets could impair the ability of the Group's customers to purchase its products or the ability to market them at international market prices, as well as harm the Group's ability to collect customer debts, in a way that could have a significant adverse effect on the Group's operating results.

The Group's operations in multiple regions allows for the diversification of such risks and for the reduction of its dependency on particular economies. In addition, changes in registration requirements or customers' preferences in developed western countries, which may limit the use of raw materials purchased from emerging economies, may require redeployment of the Group's procurement organization, which might negatively affect its profitability for a certain period.

Operating in a competitive market

The crop protection products industry is highly competitive. Currently, seven multinational companies, including the Company, lead the global industry. Five of these, Bayer, Syngenta, Corteva, BASF and FMC, are Originator Companies, which develop, manufacture and market both patent-protected as well as off-patent products. The Group competes with the original products with the aim of maintaining and increasing its market share.

The Originator Companies possess resources enabling them to compete aggressively, in the short-to-medium term, on price and profit margins, so as to protect their market share. Loss of market share or inability to acquire additional market share from the Originator Companies can affect the Group's position in the market and adversely affect its financial results. For details regarding the Group's competitive advantages see Section III - subsection III. Core competitiveness analysis above.

Similarly, the Group also competes in the more decentralized off-patent segment of the market, against other off-patent companies and smaller-scale Originator Companies, which have significantly grown in number in recent years and are materially changing the face of the crop protection industry, the majority of whom have not yet deployed global distribution networks, and are only active locally. These companies often price their products aggressively and at times have lower profit margins than the Group, which may adversely impact the Group's sales and product prices. The Group's ability to maintain its revenues and profitability from a specific product in the long term is affected by the number of companies producing and selling comparable off-patent products and the timing of their entrance to the relevant market.

Any delay in developing or obtaining registrations for products and/or delayed penetration into markets and/or growth of competitors that focus on off-patent active ingredients (whether by the expansion of their product portfolio, granting registrations to other manufacturers (including manufacturers in China and India) to operate in additional markets, transforming their distribution network to a global scale or increasing the competition for distribution access), and/or difficulty in purchasing low cost raw materials, may harm the Group's sales, affect its global position and lead to price erosion.

Decline in scope of agricultural activities; Climate change and exceptional changes in weather conditions

The scope of general agricultural activities worldwide may be negatively affected by many exogenous factors, some resulting from climate change, including but not limited to extreme weather conditions, natural disasters, a decrease in agricultural commodity prices, government policies and the economic condition of farmers. A material decline in the scope of agricultural activities would by necessary implication cause a decline in the demand for the Group's products, erosion of its prices and collection difficulties, which may have a significant adverse effect on the Group's results. Extreme weather conditions, both chronic and acute, as well as other damages caused by nature may have an impact on the demand for the Group's products, as well as to price thereof. For example, drought may reduce the need for fungicides, which could

result in fewer sales and greater unsold inventories in the market, whereas excessive rain could lead to increased plant disease or weed growth requiring growers to purchase and use more crop protection products. Drought and/or increased temperatures may change insect pest pressures, requiring growers to use more, less, or different insecticides. Climate change may increase the frequency or intensity of extreme weather such as storms, floods, heat waves, droughts and other events that could affect the demand for the Company's products. The Group believes, that should extreme weather conditions or a number of such bad seasons occur in succession, without favorable seasons in the interim, its results may sustain significant harm.

Environmental, health and safety legislation, standards, regulation and exposure

Many aspects of the Group's operations are strictly regulated, including in relation to production and trading, and particularly in relation to the storage, treatment, manufacturing, transport, usage and disposal of its products, their ingredients and byproducts, some of which are considered hazardous. The Group's activities involve hazardous materials. Defective storage or handling of hazardous materials may cause harm to human life or to the environment in which the Group operates. The regulatory requirements regarding the environment, health and safety could, inter alia, include soil and groundwater clean-up requirements; as well as restrictions on the volume and type of emissions the Group is permitted to discharge into the air, water and soil.

The regulatory requirements applicable to the Group vary from product to product and from market to market, and tend to become stricter with time. In recent years, both government authorities and environmental protection organizations have been applying increasing pressure, including through investigations and indictments as well as increasingly stricter legislative proposals and class action suits related to companies and products that may potentially pollute the environment. Compliance with these legislative and regulatory requirements and protection against such legal actions requires the Group to commit considerable human and financial resources (both in terms of substantial ongoing costs and in terms of material one-time investments) to meet mandatory environmental standards. In some instances, this may result in delaying the introduction of products into new markets or in adverse effects on the Group's profitability. In addition, the toughening, material alteration or revocation of environmental licenses or permits, or their stipulations, or the inability to obtain such licenses and permits, may significantly affect the Group's ability to operate its production facilities, which in turn may have a material adverse effect on the financial and business results of the Group. The Group may be required to bear significant civil liabilities (including due to class actions) or criminal liabilities (including high penalties and/or high compensation payments and/or costs of environmental monitoring and rehabilitation), resulting from violation of environmental, health and safety regulations, while some of the existing legislation may impose "strict liability" regime on the Group, i.e. the Group will be held liable, regardless of proof of negligence or malice.

While the Group invests material sums in adapting its facilities and in constructing special facilities in accordance with environmental requirements, it is currently unable to assess with any certainty whether these investments (current and future) and their outcomes may satisfy current or future requirements, should these be significantly increased or changed. In addition, the Group is unable to predict with any certainty the extent of future costs and investments it may incur in order to meet the requirements of the environmental authorities in the relevant countries in which it operates since, inter alia, the Group is unable to estimate the extent of potential pollutions, their duration, the extent of the measures required to be taken by the Group in handling them, the division of responsibility among other parties and the amounts recoverable from third parties.

Furthermore, the Group may be the target of bodily injury claims and property damage claims caused by exposure to hazardous materials, which are largely covered under the Group's insurance policies.

Legislative, standard and regulatory changes in product registration

The majority of the substances and products marketed by the Group require registration at various stages of their development, production, import, utilization and marketing, and are also subject to strict regulatory supervision by the regulatory authorities in each country. Compliance with the regulatory requirements that vary from country to country and

which are becoming more stringent with time, involves significant time and costs, and rigorous compliance with individual registration requirements for each product. Noncompliance with these regulatory requirements might materially adversely affect the Group's expenses, cost structure and profit margins, as well as penetration of its products in the relevant market, and may even lead to suspension of sales of the relevant product, and recall of those products already sold, or to legal action. Moreover, to the extent new regulatory requirements are imposed on existing registered products (requiring additional investment or leading to the existing registration's revocation) and/or the Group is required to compensate another company for its use of the latter's product registration data, these might amount to significant sums, considerably increasing the Group's costs and adversely affecting its results and reputation. In recent years the industry has been suffering from revocation of registration for many products around the world. This trend is particularly evident in European countries as well as in many other countries worldwide.

Nevertheless, the Group believes that, in countries where the Group maintains a competitive edge, any toughening of registration requirements may actually increase this edge, since this will make it difficult for its competitors to penetrate the same market, whereas in countries in which the Group possesses a small market share, if any, such toughening may make further penetration of the Group's products into that market more difficult.

Product liability

Product and producer liability are a risk for the Group. Regardless of their prospects or actual results, product liability lawsuits might involve considerable costs as well as tarnish the Group's reputation, thus potentially impacting its profits. The Group has a third-party and defective product liability insurance cover. However, there is no certainty that the scope of insurance cover is sufficient. Any future product liability lawsuit or series of lawsuits could materially affect the Group's operations and results, should the Group lose the lawsuit or should its insurance cover not suffice or apply in a particular instance. In addition, while the Group has not currently encountered any difficulty renewing such insurance policy, it is possible that it will encounter future difficulties in renewing an insurance policy for third party liability and defective products on terms acceptable to the Group.

Successful market penetration and product diversification

The Group's growth and profit margins are affected, inter alia, by the extent of its success in developing differentiated products and obtaining registrations for them, so as to enable it to gain market share at the expense of its competitors. Usually, being the first to launch a certain off-patent product affords the Group continuing advantage, even after other competitors penetrate the same market. As such, the Group's revenues and profit margins from a certain new off-patent product could be materially affected by its ability to launch such product ahead of the launch of a comparable product by its competitors.

Should new products fail to meet registration requirements in the different countries or should it take a long period of time to obtain such registrations, the Group's ability to successfully introduce a new product to the relevant market in the future may be affected, since entry into the market prior to other competitors is important for successful market penetration. Furthermore, successful market penetration involves, inter alia, product diversification in order to suit each market's changing needs. Therefore, if the Group fails to adapt its product mix by developing new products and obtaining the required regulatory approvals, its future ability to penetrate that market and to maintain its existing market share could be affected. Failure to introduce new products to given markets and meet Group objectives (given the considerable time and resources invested in their development and registration) might affect the sales of the product in question in the relevant market, the Group's results and margins.

Intellectual property rights of the Group and of third parties

The Group's ability to develop off-patent products is dependent, inter alia, on its ability to oppose patents or patent application of Originator Companies or other third parties, or to develop products that do not otherwise infringe intellectual property rights in a manner that may involve significant legal and other costs. Originator Companies tend to vigorously

defend their products and may attempt to delay the launch of competing off-patent products by registering patents on slightly different versions of products for which the original patent protection is about to expire or has expired, with the aim of competing against the off-patent versions of the original product. The Originator Companies may also change the branding and marketing of their products. Such actions may increase the Group's costs and the risk it entails, and harm or even prevent its ability to launch new products.

The Group is also exposed to legal claims that its products or production processes infringe on third-party intellectual property rights. Such claims may involve time, costs, substantial damages and management resources, impair the value of the Group's brands and its sales and adversely affect its results. Such lawsuits that were concluded involved non-material amounts.

Furthermore, although the Group protects its brands and trade secrets with patents, trademarks and other methods of intellectual property protection, these protective means may not be sufficient for fully safeguarding its intellectual property. Any unlawful or other unauthorized use of the Group's intellectual property rights could adversely affect the value of its intellectual property and goodwill. In addition, the Group may be required to take legal actions involving financial costs and resources to safeguard its intellectual property rights.

Fluctuations in raw material inputs and prices, and in sales costs

Significant percentage of the Groups' cost of sales derives from raw material costs. Hence, significant increases or decreases in raw material costs affect the cost of goods sold, and are, due to the length of the Company's inventory cycle, generally reflected in the Company's financials. Most of the Group's raw materials are distant derivatives of oil prices and therefore, extreme changes or decrease in oil prices may affect the costs of raw materials, although only partially.

To reduce exposure to fluctuations in the prices of raw materials, the Group customarily engages in long-term purchase contracts for key raw materials, wherever possible. Similarly, the Group acts to adjust its sales prices, wherever possible, to reflect the changes in the costs of raw materials.

As of the date of approval of the financial statements, the Group has not engaged in any hedging transactions against increases in oil and other raw material costs.

Exposure due to recent developments in the genetically modified seeds market

Any significant development in the market of genetically modified seeds for agricultural crops, including as a result of regulatory changes in certain countries currently prohibiting the use of genetically modified seeds, and/or any significant increase in the sales of genetically modified seeds and/or to the extent new crop protection products are developed for further crops that would be widely used (substituting traditional products), will affect demand for crop protection products, requiring the Group to respond by adapting its product portfolio to the new demand structure. Consequently, to the extent that the Group fails to adapt its product mix accordingly, this may reduce demand for its products, erode their sales price and by implication affect the Group's results and market share.

Nevertheless, the fact that the Group itself markets some of the products for which herbicide tolerance traits have been developed, acts to mitigate this exposure (albeit only in terms of marketing margins).

In addition, natural and/or biological substances that attack weeds, pests and diseases are potential alternatives for the Company's products, though as of the date of the report, their efficiency is relatively limited, and they are commercialized in a relatively small volumes.

Operational risks

The Group's operations, including its manufacturing activities, rely, inter alia, on state-of-the-art computer systems. The Group continually invests in upgrading and protecting these systems from malfunctions and attack. Any unexpected failure of these systems, as well as the integration of new systems, could involve substantial costs and adversely affect the Group's operations until completion of the repair or integration. The potential occurrence of a substantial failure that cannot be repaired within a reasonable time frame may also affect the Group's operations and its results. Currently, the Group

has a property and loss-of-profit insurance policy.

The Group's production capacity is affected, among others, by its facilities' output and individual area and time allocation at full capacity. The Group's Multi-purpose facilities provide manufacturing flexibility and enable the Group to prepare for the manufacturing of new products. Although the Group believes that its existing sites have sufficient facilities and land areas to expand its production capacity, if necessary, in the case of immediate or short-term increases in demand for new products supply may be delayed due to lack of capacity to meet demand for such new products.

Data protection and cyber security

During its activity, the Group may be exposed to risks and threats, related to the stability of its information technologies systems, data protection and cyber security, which could appear in many different forms (such as service denial, misleading employees, malfunction, encryption or data erasing and other cyber-attacks via E-mail or malicious software). An attack on such computerized systems, mainly network based systems may cause the group material damages and expenses and even partial suspension and disruption of their proper functioning. In order to minimize the abovementioned risks, the group invests resources in its technological resilience and in proper protection of its systems.

Raw material supply and/or shipping, port service disruptions and inventory

Lack of raw materials or other inputs utilized in the manufacture of the Group's products may prevent the Group from supplying its products or significantly increase production costs. Moreover, the Group imports raw materials to its production facilities worldwide, from where it then exports the technical or formulated products to its subsidiaries around the world for formulation and/or commercialization purposes. Disruptions in the supply of raw materials from regular suppliers may adversely affect operations until an alternative supplier is engaged. If any of the Group's suppliers are unable to supply raw materials for a prolonged period, including due to ongoing disruptions and/or prolonged strikes and/or infrastructure defects in the operating of a relevant port, and if the Group is unable to engage with an alternative supplier at similar terms and in accordance with the relevant product registration requirements, this may adversely affect the Group's results, significantly affect its ability to obtain raw materials in general, or obtain them at reasonable prices, as well as limit its ability to supply products and/or meet customer supply deadlines. These might negatively affect the Group, its finances and operating results. In order to reduce this risk, it is the Group's practice to occasionally adjust the volume of its product inventories or in certain scenarios, to increase the levels of inventory held by the Company to overcome possible supply shortages, logistic challenges and increases in cost of inventory, as mentioned above, in order to support expected future sales. Additionally, in the case of fluctuations in the market prices for inventory held by the Company, this may affect its finances and operating results. In addition, war, regional conflicts, acts of terror and/or governmental instability around the world may negatively impact the Company's operations. This may result, among others, in the suspension of operations or the shutdown of affected facilities, hence causing production and distribution delays, loss of property, injury to employees, and increased insurance premiums.

Failed mergers and acquisitions; difficulties in integrating acquired operations

The Group's strategy includes growth through mergers, acquisitions, investments and collaborations designed to expand its product portfolio and deepen its presence in certain geographical markets.

Growth through mergers and acquisitions requires assimilation of acquired operations and their effective integration in the Group, including realization of certain forecasts, profitability, market conditions and competition.

Failure to successfully implement the above and/or non-realization of the relevant forecasts may result in not achieving the incremental value forecasted, loss of customers, exposure to unexpected liabilities, reduced value of the intangible assets included in the merger or acquisition as well as the loss of professional and skilled human resources.

Production concentration in limited plants

A large portion of the Group's production operations is concentrated in a relatively small number of locations. Natural disasters, hostilities, labor disputes, substantial operational malfunction or any other material damage might significantly

affect Group operations, as a result of the difficulty, the time and investment required for relocating the production operation or any other activity.

International taxation

Most of the Group's sales are global, through its consolidated subsidiaries worldwide. These individual companies are assessed in accordance with the tax laws effective in each respective location. The Group's effective tax rate could be significantly affected by different classification or attribution of the profits arising from the proportional value of the components of each of the companies in the Group in the various countries, as is recognized in each tax jurisdiction; changes in the characteristics (including regarding the location of control and management) of these companies; changes in the breakdown of the Group's profits into regions where differing tax rates apply; changes in statutory tax rates and other legislative changes; changes in assessment of the Group's deferred tax assets or deferred tax liabilities; changes in determining the areas in which the Group is taxed; and potential changes in the Group's organizational structure.

Changes in tax regulations and the manner of their implementation, including with regard to the implementation of BEPS, may lead to a substantial increase in the Group's applicable tax rates and have a material adverse effect on its financial position, results and cash flows.

Risks arising from the Group's debt

The Group finances its business operations by means of its own equity and loans from external sources (primarily traded debentures issued by Solutions, bank credit and credit from related parties). The Group's main source for servicing the debt and its operating expenses is by means of the profits from the Group companies' operations. Restrictions applying to the Group companies regarding distribution of dividends to the Group, or the tax rate applicable on these dividends, may affect the Group's ability to finance its operations and service its debt.

In addition, the Group's Finance Documents, as contained in the bank credit agreements, require meeting certain Financial Covenants. Failure to meet these covenants due to an exogenous event or non-materialization of Group forecasts, and insofar as the financing parties refuse to extend or update these Financial Covenants as per the Group's capabilities, may lead the financing parties to demand the immediate payment of these liabilities (or part thereof).

Exposure to customer credit risks

The Group's sales to customers worldwide usually involve customer credit as is customary in each market. A portion of these credit lines is insured, while the remainder are exposed to risk, particularly during economic slowdowns in the relevant markets. The Group's aggregate credit, however, is diversified among many customers in dozens of countries, mitigating this risk. In addition, in certain regions, particularly in South America, credit days are particularly long (compared to those extended to customers in regions such as Europe), and on occasion, inter alia, owing to agricultural seasons or economic downturns in those countries, the Group may encounter difficulty in timely collection of customer debts, with the collection period being extended over several years.

Generally, such issues arise more often in developing countries where the Group may be less familiar with its customers, the collaterals might be in double until actual repayment and the insurance cover of these customers is likely to be limited. Credit default by any of the customers may negatively impact the Group's cash flow and financial results.

The Group's working capital and cash flow needs

Similar to other companies operating in the crop protection industry, the Group has substantial cash flow and working capital requirements in the ordinary course of operations. In view of the Group's growth and considering its primary growth regions, the Group's broad product portfolio and the Group's investments in manufacturing infrastructures, the Group has significant financing and investment needs. The Group acts continually to improve the state and management of its working capital. While currently the Group is in compliance with all its financial covenants, significant deterioration of its operating results may in the future lead the Group to fail to comply with its financial covenants and fail to meet its financial needs. As a result, the Group's ability to meet its goals and growth plans, as well as its ability to meet its financial obligations, may

be harmed.

Contagious disease outbreak

Outbreak of a contagious disease and pandemics, or other adverse public health developments, in territories where significant production activity is taking place or from which raw materials are supplied to a significant extent, may have a material adverse effect on the Company's activity, such that the Company may encounter difficulties with procurement of raw materials and intermediates, experience a certain decrease of activity within its production facilities due to governmental instructions, and be constrained with respect to its logistics and supply lines. In addition, the Company sales could be potentially impacted by a temporary decrease in demand for its products, as well as by temporary disruption of the Company's ability to sell and distribute products as mentioned above.

XII. Information regarding communication with investors during the Reporting Period

√ Applicable □ Not applicable

Date	Place	Reception Mode	Type of Visitor	Name of the Visitor	About	Index
March 22 nd , 2023	Not Applicable	Online Platform	Institutional Investors	Institutional Investors and Securities Firms, such as CCB Life Asset Management, China Life Asset Management Company Limited, Guotai Fund Management Co., Ltd., Xinyuan Asset Management, JYAH Asset Management Co., Ltd., Zhonggeng Fund Management Co., Ltd., Foresight Fund Management Co., Ltd., CITIC Pru-fund Management Co., Ltd., China Universal Asset Management Co., Ltd. and Southern Asset Management Co., Ltd., etc.	Introduction on 2022 Q4 and FY performance as well as the differentiated sales strategy around the world. The corresponding presentations was published on the website of the Company (IR page on www.adama.com).	Record of the Communications between the Company and the Investors (No. 2023-01) was published by the Company on March 24 th , 2023 at www.cninfo.com.cn .
March 23 rd , 2023	Not Applicable	Online Platform	Institutional and individual investors	The performance presentation was a live webcast for all investors.	Introduction on 2022 Q4 and FY performance of the Company as well as its differentiated sales strategy around the world. The corresponding presentations was published on the website of the Company (IR page on www.adama.com).	Record of the Communications between the Company and the Investors (No. 2023-02) was published by the Company on March 27 th , 2023 at www.cninfo.com.cn .
April 25 th , 2023	Not Applicable	Online Platform	Institutional Investors	Dacheng Fund Management Co., Ltd, Guangfa Fund	Introduction on 2023 Q1 performance. The corresponding	Record of the Communications between the

Date	Place	Reception Mode	Type of Visitor	Name of the Visitor	About	Index
				Management Co., Ltd, CPIC Fund Management Co., Ltd, Guotai Fund Management Co., Ltd, Focus Bridge Fund Management Co., Ltd, BOCOM Schroder Fund Management Co., Ltd, AXA SPDB Investment Managers, CCB Life Asset Management Co., Ltd, CPIC and dozens of other Institutional Investors and Securities Firms	presentation was published on the website of the Company (IR page on www.adama.com).	Company and the Investors (No. 2023-03) was published by the Company on April 27th, 2023 at www.cninfo.com.cn .
August 31 st , 2023	Not Applicable	Online Platform	Institutional and individual investors	The performance presentation was a live webcast for all investors.	Introduction on 2023 Q2 and Half-year performance as well as the global operation progress and strategies of the Company. Corresponding presentation was published on the website of the Company (IR page on www.adama.com).	Record of the Communications between the Company and the Investors (No. 2023-04) was published by the Company on September 4th, 2023 at www.cninfo.com.cn
November 1 st , 2023	Not Applicable	Online Platform	Institutional and individual investors	The performance presentation was a live webcast for all investors.	Introduction on 2023 Q3 and 9M performance. Corresponding presentation was published on the website of the Company (IR page on www.adama.com).	Record of the Communications between the Company and the Investors (No. 2023-05) was published by the Company on November 2nd, 2023 at www.cninfo.com.cn .

XIII. Implementation of Action Plan on Enhancing Quality Returns

Has the Company disclosed Action Plan on Enhancing Quality Returns

Yes No

Section IV - Corporate Governance

I. Basic details of corporate governance

During the Reporting Period, the Company continuously improved the awareness of corporate governance and corporate governance structure and perfected the corporate system as well as standardized the operation of the Company, promoted internal control activities, and constantly improve the Company's management levels stringently according to requirements of relevant laws and regulations, such as *the Company Law*, *Securities Law*, and *Corporate Governance Principle of Listed Company*, as well as *Rules for Listing Shares in Shenzhen Stock Exchange*.

1. About Shareholders and the Shareholders' meeting

During the Reporting Period, the Company has ensured that all shareholders, especially small and medium shareholders, are treated equal and able to fully exercise their rights. It held one annual general meeting of shareholders and three interim shareholders meeting, during which 14 proposals in total were reviewed and approved. Lawyers were invited to attend all the meetings mentioned above for testimony and issuing legal opinions. Online voting has been applied during all above-mentioned meetings to ensure that all shareholders, especially small and medium shareholders, enjoy equal status and fully exercise their rights. Notices of shareholders' meeting, meeting proposals, discussion procedures, voting on proposals and information disclosure all meet the requirements. Every major decision of the Company has been decided by the shareholders' meeting according to laws and regulations with lawyers as the witness to ensure that the right to know, to participate and vote on major issues of all shareholders, especially the small and medium shareholders are properly protected.

2. About Directors and the Board of Directors

During the Reporting Period, the number, composition and qualifications of the board of directors were in compliance with the laws and regulations as well as the Articles of Association of the Company. All board members are diligent and responsible for attending the board and shareholders' meetings in accordance with the relevant provisions of *the Company Law* and the Articles of Association. During the Reporting Period, the Company held 12 board meetings during which 37 proposals were reviewed. The organizing, convening and formation of resolutions were carried out in accordance with relevant provisions of the Articles of Association and *the Rules of Procedure for the Board of Directors*. The Company has established an independent director system in accordance with relevant regulations. Each of the independent directors have expressed independent opinions on important business of the Company during the Reporting Period. The Company's board of directors consists of one strategy committee, one nomination committee, one audit committee and one remuneration and appraisal committee, all of which are functioning with respective implementation rules to ensure the scientific and compliant decision-making by the board of directors.

3. About Supervisors and the Board of Supervisors

During the Reporting Period, the board of supervisors of the Company consisted of three supervisors. The number, composition and qualifications of the Board of Supervisors were in compliance with laws and regulations as well as *the Articles of Association of the Company*. During the Reporting Period, four meetings were held and 9 proposals were reviewed. All meetings were organized and convened in accordance with the procedures of the *Articles of Association* and *the Rules of Procedure for the Board of Supervisors*. All supervisors have earnestly performed their duties by reviewing the company's periodic reports and other matters and issuing verification opinions with a strong sense of responsibilities to the shareholders. All of them have effectively fulfilled their duties and safeguarded the legitimate rights and interests of the Company and its shareholders.

4. About Investors' Relations

The Company communicates with investors through public announcements, consultations by telephone, interactive platforms, e-mails and other multiple media to enhance opinion exchange. It has been making various efforts on deepening the understanding of investors about the Company's operation and development outlook and also maintaining good relations with them. Meanwhile, it has been serious to receive investors' opinions and suggestions and encouraged the interaction between investors and itself. During the Reporting Period, the Company has been patient to respond investors by answering calls and questions through all interactive platforms, which has guaranteed a sound and fair access for investors to obtain information.

Whether there is any difference between the actual corporate governance situation of the Company and the provisions of the laws, administrative regulations and relevant rules of CSRC or not?

Yes No

There is no difference between the actual corporate governance situation of the Company and the provisions of the relevant rules of CSRC.

II. Particulars about the Company's independence from the controlling shareholder and the actual controller in ensuring the company's assets, personnel, financials, institutions and business, etc.

1. In respect of assets: The assets relationship between the Company and the controlling shareholder is clear. The company has complete control over all its assets. There is no such thing as a free possession or usage by the controlling shareholder.

2. In respect of personnel: The Company and controlling shareholder are mutually independent in the labor, personnel and salary management, the Company CEO and other senior management personnel get the salary in the Company, and not perform administrative work in the controlling shareholder unit.

3. In respect of financing, the Company owned independent financial department, established independent accounting system and financial management system, opened independent bank account, paid tax in line with laws.

4. In respect of organization, the Company has set up the organization that was independent from the controlling shareholder completely, the Board of Directors, the Supervisory Committee and internal organization could operate independently.

5. In respect of business: the Company had a complete business system and independent operation, and conducts its independent and complete business with self-management ability.

III. Horizontal competition

√ Applicable □ Not applicable

Type	Type of Affiliation with the Company	Name of the Company	Nature of the Company	Cause of the problem	Solutions	Work-schedule and follow-up plan
Horizontal competition and related party transactions	ultimate controlling party of the Company's controlling shareholder	Sinochem Holdings Corporation Ltd.	Central enterprise	The subsidiaries controlled by Sinochem Holdings are in similar or the same business as the Company or the supplier or the client of the Company.	Sinochem Holdings commits itself to take appropriate actions to solve the horizontal competition and related party transactions between its subsidiaries and the Company. For details, please refer to I Performance of commitments of Section VI of the Annual Report.	In process/ performance

IV. Particulars regarding the annual shareholders' general meeting and special shareholders' general meetings held during the Reporting Period

1. Particulars regarding the shareholders' general meeting during Reporting Period

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Resolution
2022 Annual Shareholders Meeting	Annual Shareholders Meeting	80.31%	April 12, 2023	April 13, 2023	Announcement on the Resolutions of 2022 Annual General Meeting (Announcement Number: 2023-18). Disclosed at the website CNINFO www.cninfo.com.cn
1st Interim Shareholders Meeting in 2023	Interim Shareholders Meeting	3.07%	September 15, 2023	September 16, 2023	Announcement on the Resolutions of the 1st Interim Shareholders Meeting in 2023 (Announcement Number: 2023-32). Disclosed at the website CNINFO www.cninfo.com.cn
2nd Interim Shareholders Meeting in 2023	Interim Shareholders Meeting	80.11%	December 1, 2023	December 2, 2023	Announcement on the Resolutions of the 2nd Interim Shareholders Meeting in 2023 (Announcement Number: 2023-39). Disclosed at the website CNINFO www.cninfo.com.cn

Session	Type	Proportion of investors' participation	Convening date	Disclosure date	Resolution
3rd Interim Shareholders Meeting in 2023	Interim Shareholders Meeting	79.97%	December 25, 2023	December 26, 2023	Announcement on the Resolutions of the 3rd Interim Shareholders Meeting in 2023 (Announcement Number: 2023-45). Disclosed at the website CNINFO www.cninfo.com.cn

2. Special Shareholders' General Meeting applied by the preferred stockholder with restitution of voting right

Applicable Not applicable

V. Directors, Members of the Supervisory Board, Senior Management Staff & Employees

1. Basic Information

Name	Position	Office Status	Gender	Age	Beginning date of office term	Ending date of office term	Shares held at the year-begin (share)	Amount of shares increased at the Reporting Period (share)	Amount of shares decreased at the Reporting Period (share)	Other changes increase/decrease (share)	Shares held at the end of the Reporting Period (share)	Reasons for the Shareholding Changes
Qin Hengde	Chairman of the BOD	In Office	Male	54	Elected as the director in Dec 1, 2023 and Chairman of the BOD in Dec 18, 2023		0	0	0	0	0	N/A
Erik Fyrwald	Director	In Office	Male	65	April 9, 2020		0	0	0	0	0	N/A
An Liru	Director	In Office	Male	54	Apr 29, 2015		0	0	0	0	0	N/A
Ge Ming	Independent Director	In Office	Male	72	Nov 16, 2020		0	0	0	0	0	N/A
Yang Guangfu	Independent Director	In Office	Male	54	Dec 25, 2023		0	0	0	0	0	N/A
Steve Hawkins	President & CEO	In Office	Male	58	May 1, 2023		0	0	0	0	0	N/A
Efrat Nagar	Chief Financial Officer	In Office	Female	50	Feb 16, 2023		0	0	0	0	0	N/A
Jiang Chenggang	Chairman of the Supervisory Board	In Office	Male	49	Jan 6, 2013		6,000	0	0	0	6,000	N/A
Liu Jianhua	Member of the Supervisory Board	In Office	Male	45	May 21, 2021		0	0	0	0	0	N/A
Yuan Yuan	Member of the Supervisory Board	In Office	Male	43	May 21, 2021		0	0	0	0	0	N/A
Guo Zhi	Secretary of the BOD	In Office	Male	46	Nov 27, 2020		0	0	0	0	0	N/A
Shahar Florentz	Chief Financial Officer	Demission	Male	59	May 1, 2022	Feb 15, 2023	0	0	0	0	0	N/A

Name	Position	Office Status	Gender	Age	Beginning date of office term	Ending date of office term	Shares held at the year-begin (share)	Amount of shares increased at the Reporting Period (share)	Amount of shares decreased at the Reporting Period (share)	Other changes increase/decrease (share)	Shares held at the end of the Reporting Period (share)	Reasons for the Shareholding Changes
Michal Arlosoroff	General Legal Counsel	Demission	Female	65	Sep 29, 2017	Jan 1, 2023	0	0	0	0	0	N/A
Ignacio Dominguez	President & CEO	Demission	Male	64	March 1, 2020	May 1, 2023	0	0	0	0	0	N/A
Chen Lichtenstein	Director	Demission	Male	56	Sep 29, 2017	Nov 30, 2023	0	0	0	0	0	N/A
Xi Zhen	Independent Director	Demission	Male	60	Dec 25, 2017	Dec 25, 2023	0	0	0	0	0	N/A
Total	--		--	--	--	--	6,000	0	0	0	6,000	--

VI. Whether there was any departure of directors and supervisors and dismissal of senior management during the reporting period

Yes No

- Ms. Michal Arlosoroff resigned as the General Legal Counsel of the Company, effective from January 1st, 2023, due to retirement.
- Mr. Shahar Florentz resigned as the Chief Financial Officer, effective from February 15, 2023, due to personal reasons.
- Mr. Ignacio Dominguez resigned as the President and CEO (legal representative of the Company) due to resignation from the Company, effective from May 1, 2023.
- Mr. Chen Lichtenstein resigned as the director in the Company due to his resignation from Syngenta Group, effective from November 30, 2023.
- Mr. Xi Zhen resigned from his position as an independent director in the Company due to his consecutive tenure as the independent director exceeding six years, effective from December 25, 2023.

VII. Particulars regarding changes of Directors, Supervisors and Senior Executives

Applicable Not applicable

Name	Position	Type	Date	Reason
Michal Arlosoroff	General Legal Counsel	Left the position	Jan 1, 2023	Retirement
Shahar Florentz	Chief Financial Officer	Left the position	Feb 15, 2023	Resignation for personal reasons
Efrat Nagar	Chief Financial Officer	Accepted the position	Feb 16, 2023	--
Ignacio Dominguez	President and CEO (legal representative of the Company)	Left the position	May 1, 2023	Resignation from the Company
Steve Hawkins	President and CEO (legal representative of the Company)	Accepted the position	May 1, 2023	-
Chen Lichtenstein	Director	Left the position	November 30, 2023	Resignation from Syngenta Group
Xi Zhen	Independent Director	Left the position	December 25, 2023	Consecutive tenure as the independent director for six years
Erik Fyrwald	Chairman of the BOD	Change of the position	December 18, 2023	Retire as the CEO of Syngenta Group
Qin Hengde	Director	Elected	December 1, 2023	--
Qin Hengde	Chairman of the BOD	Elected	December 18, 2023	--

Yang Guangfu	Independent Director	Elected	December 25, 2023	--
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2. Resumes of important personnel

Professional background, main working experience and main responsibilities of current directors, supervisors and senior management staff

Mr. Qin Hengde, serves as the Chairman of the Board of Directors of the Company. He holds a master's degree, senior accountant, is the Chief Financial Officer of Syngenta Group Co., Ltd., the Chairman of Winall Hi-tech Seed Co.,Ltd., the Chairman of Zhenda Xianjing (Shanghai) Science and Technology Development Co., Ltd. He joined in work in August 1991 and served as deputy chief accountant of Hubei Hongqi Cable Factory, chief accountant of SDIC YuanYi Industry Co.,Ltd., as well as deputy general manager of investment management department of D'Long International Strategic Investment Co.,Ltd. Mr. Qin Hengde joined Sinochem in July 2004 and served as General Manager of Business Development Department, Financial Controller, Deputy General Manager, Executive Deputy General Manager, General Manager and the Party Secretary of Sinochem International Corporation. He previously served as the Party Secretary and President of Agricultural Division of Sinochem Corporation, Vice Chairman of Qinghai Salt Lake Industry Co., Ltd., the Party Secretary and Executive Director of China National Seed Group Co., Ltd, Party Secretary and President of Syngenta Group China, Chairman and General Manager of Syngenta Group Modern Agricultural Technology Co., Ltd, the Vice President and Chief Human Resources Officer of Syngenta Group, Party Secretary, General Manager and Executive Director of Sinofert Holdings Limited, and General Manager and Executive Director of Sinofert Company Limited as well as Chairman of Jiangsu Yangnong Chemical Co., Ltd..

Mr. Erik Fyrwald, American, serves as a Director of the Company. He is currently a Director of Syngenta Group, Director of Syngenta A.G. and Chairman of Syngenta Foundation for Sustainable Agriculture. He currently also serves on the board of directors of CropLife International, the Swiss-American Chamber of Commerce and Eli Lilly & Company as well as President and Director of a listed company International Flavors & Fragrances. Previously served as the Chairman of the Board of Directors of the Company, the CEO of Syngenta Group, and the CEO a of Syngenta A.G.. He also Previously served as President and CEO Univar, a leading distributor of chemistry and related services, President of Ecolab, a cleaning and sanitation, water treatment, and oil and gas products and services provider, and Chairman, President and CEO of Nalco, a water treatment and oil and gas products and services company, and Group Vice President of the Agriculture and Nutrition Division of the DuPont Company. He graduated from the University of Delaware with a bachelor's degree in Chemical Engineering and completed the Advanced Management Program at Harvard Business School..

Mr. An Liru, serves as a Director of the Company. He holds a master degree of chemical engineering and MBA, senior engineering, senior economist. He used to be the Assistant of General Manager, Vice General Manager, General Manager, Deputy Party Secretary of Jiangsu Anpon Electrochemical Co., Ltd., Chairman of Directors, Party Secretary of Jiangsu Huaihe Chemicals Co., Ltd., Executive Director and CEO of Jiangsu Maidao Agrochemical Co., Ltd., the Chairman of the Board of Directors of the Company, Executive Director of Jiangsu Anpon Electrochemical Co., Ltd., Chairman of Directors and Party Secretary of China National Agrochemical Co., Ltd. Currently, he serves also as a Director and the Executive Vice President of Solutions, Executive Director and General Manager of Adama (China) Investment Co., Ltd., Vice president of Syngenta Group Modern Agricultural Technology Co., Ltd.

Mr. Ge Ming, serves as an independent director of the Company. He holds a master's degree in western accounting, and

he is a senior accountant, a certified Chinese public accountant as well as an Australian certified public accountant. He previously served as the chairman and chief accountant of Ernst & Young Hua Ming Certified Public Accountants Firm, and as the managing partner, chief accountant and senior advisor of Ernst & Young Hua Ming Certified Public Accountants (special general partnership). Mr. Ge currently serves as an independent director on the boards of AsiaInfo, China Tourism Group Duty Free Corporation Limited, GAC Aion New Energy Automobile Co., Ltd. and ApolloBio Corp. He currently also serves on the supervisory boards of the Bank of Shanghai, Tencent Foundation as well as Taikang Insurance Group Inc., and serves as the executive director and general manager of Beijing Huaming Fulong Accounting Consulting Co., Ltd.

Mr. Yang Guangfu,

He holds a title of PhD in pesticide science. He is the recipient of National Outstanding Youth Science Fund, and he is also honored as a leading talent in science and technology innovation of the “Ten Thousand Talents Plan” of the Organization Department of the Central Committee of the CPC, the Innovation Team Leader of the Ministry of Education, the National Model Teacher and one of the National Outstanding Scientific and Technological Professionals, etc. Starting his career life in July 1997, Yang has successively served as lecturer, associate professor and professor in the Institute of Pesticide Chemistry of Central China Normal University. He also held positions including dean and professor for the School of Chemistry as well as the assistant to the President of the University, etc. He is currently a professor, doctoral supervisor, deputy director of the Academic Committee of the University, director of the National Key Laboratory of Green Pesticide (based at the University), director of International Joint Research Center for Intelligent Biosensor Technology and Health, and director of the Pesticide Engineering Research Centre of Hubei Province. Additional academic appointments of Professor Yang include Member of the 5th and 6th Chemistry and Chemical Engineering Department of the Science and Technology Committee of the Ministry of Education, Member of the 13th Evaluation Team for Chemistry of the National Natural Science Foundation of China, Member of the Pesticide Industry Development Guidance Expert Group of the Ministry of Agriculture and Rural Development, Director of the Chinese Chemical Society, Director of the Chinese Plant Protection Society, Deputy Director of the Agricultural Chemistry Committee of the Chinese Chemical Society, Member of the Chemical Biology Committee of the Chinese Chemical Society, Member of the Pesticide Committee of the Chinese Society of Chemical Engineering, Vice President of the Hubei Chemical Engineering Society, Vice President of the Hubei Plant Protection Society, and so on..

Mr. Steve Hawkins, Canadian, serves as the President & Chief Executive Officer of both the Company and Adama Solutions, concurrent with his position as Chairman of the Board of Directors of Adama Solutions. Holds a Diploma in Agriculture Engineering and an Executive MBA in Food and Agribusiness, both from the Ontario Agricultural College of the University of Guelph, and has a Bachelor’s Degree in Administrative Studies from York University. He previously served as ADAMA’s SVP Americas, and prior to that served as Regional Director EAME for Syngenta Crop Protection A.G.

Ms. Efrat Nagar, Israeli, serves as the Chief Financial Officer. She holds master’s degree in business administration (focus in Finance) from Bar Ilan University, Israel and bachelor’s degree in Economics and Accounting from Bar Ilan University, Israel. She previously served as Regional CFO of India, Middle East and Africa, Executive Corporate Business Director (serving as the Chief of Staff for ADAMA’s CEO) and VP Finance in ADAMA.

Mr. Jiang Chenggang, serves as the Chairman of the Supervisory Board of the Company, Deputy Secretary of the Party Committee of Jingzhou Site, the Chairman of the Labor Union and Director of the Discipline Inspection Commission of Jingzhou Site. He acted as the Chairman of the Labor Union, Supervisor, Deputy Director of the Office and Deputy Secretary of the Discipline Inspection Commission of the Company from Jun. 2012 to Dec. 2012.

Mr. Liu Jianhua, Doctor of Engineering, serves as a member of the Supervisory Board of the Company and as the Non Ag Business Manager of ADAMA China. He previously served as the GM Assistant of Hubei Sanonda Co. Ltd., as the COO of Jiangsu Anpon Electrochemical Co., Ltd., and as the member of CPC Committee of China National Agrochemical Corporation.

Ms. Yuan Yuan, serves as a member of the Supervisory Board of the Company and as Strategy & Business Manager of ADAMA China. She obtained a bachelor's degree of international trade from Zhongnan University of Economics and Law and a master degree of business administration from University of International Business and Economics. Before joining ADAMA, she served as Deputy and Executing Director of Commerce Dept. in China National Agrochemical Corporation.

Mr. Guo Zhi, serves as the secretary of the Board of Directors, Director of the Discipline Inspection Commission of the Company and the legal head of ADAMA China. Mr. Guo got his Master of Laws severally from Peking University and Melbourne University. From 2004 to 2017, he practiced law in Commerce & Finance Law Offices ("C&F") and had been a partner of C&F for eight years. His practicing area covers IPO, M&A, and Foreign Investment. From March 19, 2018 to November 16, 2020, he was a member of the Supervisory Board of the Company.

Positions in shareholder units

Applicable Not applicable

Name of the person holding any post in any shareholder unit	Name of the shareholder unit	Position in the shareholder unit	Beginning date of office term	Ending date of office term	Receives payment from the shareholder unit?
Qin Hengde	Syngenta Group	CFO	December 2023	--	Yes
	Syngenta Group	Vice President, CHRO	January 2023	December 2023	Yes
Erik Fyrwald	Syngenta Group	CEO	June 2016	December 2023	Yes
	Syngenta Group	Director	June 2021	--	Yes (starting from January 2024)
	Syngenta AG	CEO and Executive Director	June 2016	December 2023	Yes
	Syngenta AG	Non-Executive Director	December 2023	--	No
Explanations about Positions in Shareholder Units	N/A				

Positions in other units

Applicable Not applicable

Name of the person holding any post in any shareholder unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from the other unit?
Qin Hengde	Winall Hi-tech Seed Co.,Ltd.	Chairman of Directors	January 2019	--	No
	Zhenda Xianjing (Shanghai) Science and Technology Development Co., Ltd.	Chairman of Directors	January 2022	--	No
	Syngenta Group Modern Agricultural Technology Co., Ltd.	Chairman of Directors, General Manager	August, 2022	January 2023	Yes
	Sinochem Fertilizer Co., Ltd.	Executive Director, General Manager	December 2016	January, 2023	No
	Jiangsu Yangnong Chemical Co., Ltd.	Chairman of Directors	June 2022	March 2023	No
Erik Fyrwald	International Flavors & Fragrances	President and Director	2024	-	Yes
	CropLife International	Director of the Board	2016	-	No
	Swiss-American Chamber of Commerce	Director of the Board	2016	-	No
	Bunge Limited	Director of the Board	2018	2023	Yes
	Eli Lilly & Co.	Director of the Board	2006	-	Yes
An Liru	Solutions	Director	February 2014	-	Yes
An Liru	Solutions	Head of China Cluster	September 2017	-	Yes
An Liru	Adama (China) Investment Co., Ltd.	General Manager	November 2018	-	No
An Liru	Adama (China) Investment Co., Ltd.	Executive Director	December 2022	-	No
An Liru	Syngenta Group Modern Agricultural Technology Co., Ltd.	Vice President	August 2022	-	No
Efrat Nagar	Solutions	EVP, Chief Financial Officer	February 2023	-	Yes
	Adama Makhteshim Ltd.	Director	February 2023	-	No
	Adama Agan Ltd.	Director	February 2023	-	No
	Lycored Ltd.	Director	January 2024	-	No
	Agan Aroma and Fine Chemicals Ltd.	Director	May 2022	-	No
Ge Ming	China Tourism Group Duty Free Corporation Limited	Independent Director	August 2022	--	Yes
Ge Ming	AsialInfo	Independent Director	December 2018	--	Yes
Ge Ming	GAC Aion New Energy Automobile Co., Ltd.	Independent Director	September 2022	--	Yes
Ge Ming	Apollobio Corp.	Independent Director	August 2021	--	Yes
Ge Ming	Bank of Shanghai	Supervisor	June 2017	--	Yes
Ge Ming	Taikang Insurance Group Inc.	Supervisor	February 2023	--	Yes
Ge Ming	Tencent Foundation	Supervisor	Jan 2019	--	No

Name of the person holding any post in any shareholder unit	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from the other unit?
Ge Ming	Beijing Huaming Fulong Accounting Consulting Co., Ltd.	Executive Director and General Manager	December 2001	--	No
Yang Guangfu	Central China Normal University	Professor, Doctoral Supervisor, Deputy Director of the Academic Committee of the University	September 2001	-	Yes
Liu Jianhua	Hubei Sanonda Foreign Trade Co., Ltd.	Executive Director	June 2021	-	No
Liu Jianhua	Jiangsu Anpon International Trading Co., Ltd.	Executive Director	April 2021	-	No
Liu Jianhua	ADAMA Huifeng (Jiangsu) Ltd.	Director	March 2024	-	No
Guo Zhi	ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd.	Director	June 2021	-	No
Explanations about Positions in Other Units	N/A				

Particulars regarding the Company's current directors, supervisors and senior managers who received punishments, if any, from Securities Regulatory Institution during the recent three years (including the Reporting Period)

Applicable Not applicable

3. Remuneration of directors, supervisors and senior management

Decision-making procedures, basis for determination and actual payment of the remuneration to directors, supervisors and senior executives

Remuneration of office holders is decided by the authorized organs of the Company according to the Remuneration Policy. In addition, global professional benchmarks, implementations of performance at the Company level, and the actual performance of the respective person are also taken into account in the resolutions regarding remuneration.

Independent directors are entitled to receive annual allowance and would not receive salary by the Company. The Company also adopted a remuneration plan of the non-independent directors. A non-independent director who holds a management position in the Company and/or any of its subsidiaries, shall receive the remuneration set for such position and will not be entitled to any additional remuneration for serving as a director; A non-independent director who doesn't hold a management position in the Company or any of its subsidiaries, may receive a monthly remuneration. For details, please see the Announcement of the Resolutions of 25th meeting of the 7th Session of the Board of Directors (Announcement no. 2018-5) and the Announcement of the Resolutions of 21st meeting of the 8th Session of the Board of Directors (Announcement no. 2020-7).

Internal supervisors, who are full-time employees of the Company (or any of its subsidiaries), will be entitled to receive a

remuneration set for their posts and will not be entitled to any additional remuneration for serving as supervisors.

External supervisors, who are not employees of the Company (or any of its subsidiaries), will be entitled to receive annual allowance and would not receive salary by the Company.

For details, please see the Announcement of the Resolutions of 4th meeting of the 8th Session of the Board of Supervisors (Announcement no. 2018-25).

Total remuneration of the directors, supervisors and senior management of the Company during the Reporting Period is as follow:

Unit RMB'0000

Name	Position	Gender	Age	Current/Former	Total before-tax remuneration gained from the Company	Whether gained remuneration from the related parties of the Company
Qin Hengde	Chairman of the BOD	Male	54	Current		Yes
Erik Fyrwald	Director	Male	65	Current		Yes
An Liru	Director	Male	54	Current		No
Ge Ming	Independent Director	Male	72	Current		No
Yang Guangfu	Independent Director	Male	54	Current		No
Steve Hawkins	President & CEO	Male	58	Current		No
Efrat Nagar	CFO	Female	49	Current		No
Jiang Chenggang	Chairman of the Supervisory Board	Male	49	Current		No
Liu Jianhua	Member of the Supervisory Board	Male	45	Current		No
Yuan Yuan	Member of the Supervisory Board	Female	43	Current		No
Guo Zhi	Secretary of the BOD	Male	46	Current		No
Shahar Florentz	Chief Financial Officer	Male	59	Former		No
Michal Arlosoroff	General Legal Counsel	Female	65	Former		No
Ignacio Dominguez	President & CEO	Male	64	Former		No
Chen Lichtenstein	Director	Male	56	Former		Yes
Xi Zhen	Independent Director	Male	60	Former		No
Total					3,273.7	

Particulars regarding other information

Applicable Not applicable

VIII. Performance of Directors of the Board during the Reporting Period

1. Particulars regarding the Board meeting during Reporting Period

Session	Convening date	Disclosure date	Resolutions of the Meeting
the 18th Meeting of the 9th Session of the Board of Directors	February 15, 2023	February 16, 2023	The following resolutions were deliberated and adopted: 1. Proposal on the Matters Relating to the Company's Chief Financial Officer 2. Proposal on Credit Facilities from the Related Party
the 19th Meeting of the 9th Session of the Board of Directors	March 19, 2023	March 21, 2023	The following resolutions were deliberated and adopted: 1. Proposal on the 2022 Annual Report and its Abstract 2. Proposal on the 2022 Financial Statements 3. Proposal on the Pre-Plan of the 2022 Dividend Distribution 4. Proposal on the Self-Assessment report on the 2022 Internal Control of the Company 5. Proposal on the 2022 Working Report of the Board of Directors 6. Proposal on the 2022 Risk Appraisal Report of Sinochem Finance Co., Ltd. 7. Proposal on the Remuneration of Senior Executives 8. Proposal on the Engagement with an Audit Firm for the Audit of the Financial Statements and Internal Control of the Company for 2023 9. Proposal on the Expected Related Party Transactions in the Ordinary Course of Business in 2023 10. Proposal on Revisions to the Articles of Association of the Company and relevant Rules of Procedures 11. Proposal on Revisions to the Management Measures for the Delegation of Certain Powers of the Board of Directors to the Chief Executive Officer of ADAMA Ltd. 12. Proposal on the Company's Work Plan on Supporting External Directors to Perform Duties 13. Proposal on the Work Rules of the President and Chief Executive Officer of ADAMA Ltd. After the review of the above proposals, 2022 Working Reports of the Independent Directors were presented to the meeting.
the 20th Meeting of the 9th Session of the Board of Directors	March 20, 2023	March 21, 2023	The following resolution was deliberated and adopted: 1. Proposal on Calling for the 2022 Annual General Meeting
the 21st Meeting of the 9th Session of the Board of Directors	April 2, 2023	April 4, 2023	The following resolution was deliberated and adopted: 1. Proposal on Change of the Senior Executive of the Company
the 22nd Meeting of the 9th Session of the Board of Directors	April 24, 2023	April 25, 2023	The following resolutions were deliberated and adopted: 1. Proposal on the Q1 2023 Report 2. Proposal on Providing Guarantees in favor of the Company's Wholly-owned Subsidiary 3. Proposal on Bank Loans for the Working Capital of Jingzhou Site
the 23rd Meeting of the 9th Session of the Board of Directors	July 25, 2023	July 26, 2023	The following resolutions were deliberated and adopted: 1. Proposal on ADAMA's 2022 Environmental, Social, and Governance (ESG) Report

Session	Convening date	Disclosure date	Resolutions of the Meeting
the 24th Meeting of the 9th Session of the Board of Directors	August 28, 2023	August 31, 2023	The following resolutions were deliberated and adopted: 1. Proposal on the 2023 Semi-Annual Report and its Abstract 2. Proposal on the Risk Appraisal Report of Sinochem Finance Co., Ltd. 3. Proposal on Bank Loans 4. Proposal on Credit Facility from the Related Party 5. Proposal on Calling for the 1st Interim Shareholders Meeting in 2023
the 25th Meeting of the 9th Session of the Board of Directors	October 29, 2023	--	The following resolution was deliberated and adopted: 1. Proposal on the Q3 2023 Report
the 26th Meeting of the 9th Session of the Board of Directors	November 15, 2023	November 16, 2023	The following resolution was deliberated and adopted: 1. Proposal on the Nomination of a Non-Independent Director of the 9th Session of the Board of Directors 2. Proposal on Calling for the 2nd Interim Shareholders Meeting in 2023
the 27th Meeting of the 9th Session of the Board of Directors	December 8, 2023	December 9, 2023	The following resolution was deliberated and adopted: 1. Proposal on Revisions to the Articles of Association of the Company 2. Proposal on the Nomination of an Independent Director of the 9th Session of the Board of Directors 3. Proposal on Calling for the 3rd Interim Shareholders Meeting in 2023
the 28th Meeting of the 9th Session of the Board of Directors	December 18, 2023	December 20, 2023	The following resolution was deliberated and adopted: 1. Proposal on the 2024 Work Plan 2. Proposal on Change of the Chairman of the Board and Members of the Special Committees of the 9th Session of the Board of Directors
the 29th Meeting of the 9th Session of the Board of Directors	December 29, 2023	December 30, 2023	The following resolution was deliberated and adopted: 1. Proposal on Salary Management Measures, External Guarantee Management Rules, Liability Management Measures and External Donation Management Measures 2. Proposal on Revisions to the Management Policy of Investor Relations 3. Proposal on Signing of Supplemental Agreement to the Entrusted Operation and Management Agreement on Anhui Petro & Chemical

2. Particulars regarding directors' attendance to board sessions and shareholders' general meetings

Details of directors' attendance to board sessions and shareholders' meetings

Name of the Directors	Sessions required to attend during the Reporting Period	On-Site Attendance	Attendance by way of communication	Entrusted presence (times)	Absence rate	Non-attendance in person for two consecutive times	Attendance to shareholder meetings
Erik Fyrwald	12	0	11	1	0	No	4

Chen Lichtenstein	9	0	9	0	0	No	2
An Liru	12	4	8	0	0	No	4
Ge Ming	12	0	12	0	0	No	4
Xi Zhen	11	0	11	0	0	No	4
Qin Hengde	3	0	3	0	0	No	1
Yang Guangfu	1	0	1	0	0	No	--

Explanation of failure to attend two consecutive board meetings in person

No such cases during the reporting period.

3. Particulars regarding directors' objections

Whether directors objected to various events

Yes No

During the Reporting Period, no directors proposed any objection on relevant events of the Company.

4. Other explanations regarding the directors' duty performance

Whether directors' advice were adopted

Yes No

Explanation regarding advices of directors:

According to the Company Law, the Listed Corporate Governance Standards, and "Articles of Association", the directors, in general, during the Reporting Period, focus actively over Company's operation, and earnestly performs their duties, render professional suggestions to the Company's information disclosure and daily management decision-making, etc. The directors play a proper role in improving the supervision, and safeguard the legitimate rights and interests of the Company and its shareholders. The directors especially pay attention (and paid attention - during the Reporting Period) to the Company's operation state, dynamic state of the industry, public opinion and dynamic state report of the Company. They actively and effectively perform the duties of directors and well maintained overall benefits of the Company and the legal interests of all shareholders, especially the middle and small shareholders. Their roll is required for positive, normal, stable and healthy development of the Company.

IX. Performance of the Special Committees under the Board during the Reporting Period

Name of the Committees	Member of Committees	Number of Meetings Held	Convening Date	Themes of Meetings	Important Comments and Proposals Made	Other Performance of Duties	Specifics of Objection Matters (if any)
Audit Committee	Ge Ming (Chairperson), Yang Guangfu, An Liru	6	February 14, 2023	Proposal on Credit Facilities from the Related Party	Approved	--	--
			March 15, 2023	1. Proposal on the 2022 Financial Report 2. Proposal on the Pre-Plan of the 2022 Dividend Distribution 3. Proposal on the Engagement with an Audit Firm for the Audit of the Financial Statements and Internal Control of the Company for 2023 4. Proposal on the Expected Related Party Transactions in the Ordinary Course of Business in 2023 5. Proposal on the Self-Assessment Report on the 2022 Internal Control of the Company 6. Proposal on the 2022 Risk Appraisal Report of Sinochem Finance Co., Ltd. 7. Proposal on the 2022 Internal Audit Working Report and the 2023 Internal Audit Work Plan 8. Proposal on the 2022 Inspection Report on Major Issues.	Approved	--	--
			April 23, 2023	1. Proposal on the Q1 2022 Report 2. Proposal on the Q1 Internal Audit	Approved	--	--

Name of the Committees	Member of Committees	Number of Meetings Held	Convening Date	Themes of Meetings	Important Comments and Proposals Made	Other Performance of Duties	Specifics of Objection Matters (if any)
				Working Report			
			August 22, 2023	1. Proposal on the 2023 Semi-Annual Report and its Abstract 2. Proposal on the Risk Appraisal Report of Sinochem Finance Co., Ltd. 3. Proposal on the Semi-annual Internal Audit Working Report and the Internal Audit Work Plan for the Second Half of 2023 4. Proposal on the 2023 Semi-annual Inspection Report on Major Issues 5. Proposal on Credit Facility from the Related Party	Approved	--	--
			October 26, 2023	1. Proposal on the Q3 2023 Report 2. Proposal on the Q3 Internal Audit Working Report	Approved	--	--
			December 28, 2023	1. Proposal on Signing of Supplemental Agreement to the Entrusted Operation and Management Agreement on Anhui Petro & Chemical	Approved	--	--
Remuneration and Appraisal Committee	Yang Guangfu (Chairperson), Ge Ming, An Liru	3	February 14, 2023	1. Proposal on the Remuneration and resignation arrangement of the Chief Financial Officers	Approved	--	--
			March 15, 2023	1. Proposal on the Remuneration of Senior Executives	Approved	--	--
			March 30, 2023	1. Proposal on the Remuneration and Separation arrangement of the President and CEO	Approved	--	--

Name of the Committees	Member of Committees	Number of Meetings Held	Convening Date	Themes of Meetings	Important Comments and Proposals Made	Other Performance of Duties	Specifics of Objection Matters (if any)
Nomination Committee	Yang Guangfu (Chairperson), Ge Ming, An Liru	4	February 14, 2023	1. Proposal on the Appointment of the Company's Chief Financial Officer	Approved	--	--
			March 30, 2023	1. Proposal on Change of the Senior Executive of the Company	Approved	--	--
			November 14, 2023	1. Proposal on the Nomination of a Non-Independent Director of the 9th Session of the Board of Directors	Approved	--	--
			December 7, 2023	1. Proposal on the Nomination of an Independent Director of the 9th Session of the Board of Directors	Approved	--	--
Strategy Committee	Qin Hengde (Chairperson), Erik Fyrwald Chen Lichtenstein, An Liru, Ge Ming Yang Guangfu	0	--	--	--	--	--

Note: 1. On December 1, 2023, Mr. Qin Hengde replaced Mr. Chen Lichtenstein as a member of the Strategy Committee, and on December 18, 2023, he acted as the chairperson of the Strategy Committee.

2. On December 25, 2023, Mr. Yang Guangfu replaced Mr. Xi Zhen as the chairperson of the Nomination Committee, the chairperson of the Remuneration and Appraisal Committee, the member of the Audit Committee as well as the member of the Strategy Committee.

X. Performance of the Supervisory Committee

Has the Supervisory Committee, during the Reporting Period, found a risk in the Company within its supervisory activity

Yes No

The Supervisory Committee had no objection on the supervised events during the Reporting Period.

XI. Particulars regarding Group's employees

1. Number of employees, professional composition and educational background

The number of on-duty employees in ADAMA Ltd. (person)	713
The number of on-duty employees in main subsidiary companies (person)	8,159
The total number of on-duty employees of the Group (person)	8,872
The total number of employees of the Group who received salaries in the period (person)	8,872
The number of retired employees for whom ADAMA Ltd. and main subsidiary companies need to pay retirement expense.	3,090

Professional Composition

Category	Number
Production personnel	4,911
Sales personnel	2,243
Technicians	668
Financial personnel	495
Administrative personnel*	555
Total	8,872

Educational Background

Category	Number
Doctor	9
Master	171
Bachelor	804
College	770
Others	1,610
Total	3,364

Note: The figures under "Educational Background" represent those of the Company and the domestic subsidiaries held by it and do not cover the Group's 5,508 overseas employees.

*Administrative personnel include employees of all the functional departments.

2. Employee's remuneration policy

The Company's remuneration policy in 2023 is the same as in 2022. It is still a salary structure that integrates post salary, quarterly performance bonus and annual performance bonus.

The Company established an online and offline assessment model. Online assessment is carried out by SF system. Individual goals are set at the beginning of the year and are assessed at the end of the year.

3. Employee's training plan

The Group usually conducts seminars, trainings, exercises and refresh of procedures (including with respect to increasing safety awareness) to its various employees in its various entities, as needed and/or required under its applicable procedures.

4. Labor outsourcing

Applicable Not applicable

Details of ADAMA Ltd. on labor sourcing are as follows.

Total number of hours of service outsourcing (hours)	606,936
Total remuneration paid for service outsourcing (RMB)	31,815,344

X. Situations for dividend distribution and turning capital reserve into share capital Dividend distribution policies, especially the formulation, execution or the adjustment of the cash dividend policies during the Reporting Period

Applicable Not applicable

The Company did not revise its dividend distribution policy over the Reporting Period. The 2022 Annual General Meeting which was held on April 12, 2023 approved the dividend distribution plan for the year 2022. The Company accordingly published the Announcement of Dividend Distribution for the Year 2022 on May 31, 2023 (announcement No. 2023-22).

Special explanation of the cash dividend policy	
Whether conformed with the regulations of the Articles of association or the requirements of the resolutions of the shareholders' meeting:	Yes
Whether the dividend standard and the proportion were definite and clear:	Yes
Whether the relevant decision-making process and the system were complete:	Yes
Whether the independent director acted dutifully and exerted the proper function:	Yes
Specific reasons should be disclosed and next steps to be taken to enhance investors' returns if the Company has not made cash dividends	Not Applicable
Whether the medium and small shareholders had the chances to fully express their suggestions and appeals, of which their legal interest had gained fully	Yes

protection:	
Whether the conditions and the process met the regulations and was transparent of the adjustment or altered of the cash dividend policy:	Not Applicable

The Company (including its subsidiaries) made profit in the reporting period and the retained earnings for profit distribution of the common shares held by the shareholders of the Company (without subsidiaries) were positive, but it did not put forward a preplan for cash dividend distribution of the common shares:

Applicable Not applicable

Situations for dividend distribution and turning capital reserve into share capital for the Reporting Period

Applicable Not applicable

The Company does not plan to distribute cash or share dividends for the year, and does not plan to transfer capital reserve to equity capital.

XI. Stock incentive plans, ESOPs or other employee incentives

Applicable Not applicable

To the date of the report, the Company does not have stock incentive plans, ESOP or other staff incentives. It shall be noted, that Adama Solutions currently has several long-term incentive plans according to which it has granted long-term cash rewards to executive officers and employees. These long-term incentive plans are based either on the performance of the Company's shares (phantom cash incentives) and/or the Company's performance.. Adama Solutions has further adopted an incentive plan linked to the increase in the Syngenta Group EBITDA.

XII. System Establishment and Implementation for Internal Control during the Reporting Period

1. System Establishment and Implementation

The Group's existing internal control system adapts to the management requirements. It also provides a reasonable basis for the preparation of true and fair financial statements, and ensures the healthy operation of the Group's various business activities, as well as the implementation and compliance of relevant laws and regulations and the Group's own internal rules. With the changes in the external environment and the development of the Group's business, the Company plans to take the following measures to further improve the internal control system:

- (1) Further improve the internal control system by strengthening the research and implementation of internal control management and risk management. Based on the risk assessment result and the needs of the Group, adjust and improve the relevant business processes in a timely manner to establish effective internal control system which would support the smooth operations of the Company.
- (2) Emphasizing on the importance of the internal control system within the Group. Providing training to managerial personnel on the related laws and regulations regarding internal controls. This would enhance the awareness and level of standardization of operation, which could further improve the corporate governance structure.
- (3) Regularly evaluating key controls in the business processes. Through the rectification of issues identified, the management and operational risks would be reduced which could lead to a better operation and compliant environment.
- (4) Continuously improving the execution of internal controls. Constructing the internal control systems including internal environment, risk assessment, control activities, information and communication, and internal supervision in accordance

with the requirements by the "Basic Standards for Enterprise Internal Control", in order to improve the systematization and effectiveness of the internal control.

(5) Strengthening the management and control of high-risk areas through effective integration with the internal control evaluation system to ensure that the Group's major risks are under control. At the same time, the existing internal control system is continuously reviewed and improved along with the optimization of management processes, which is to minimize business risks and ensure the Group's sustainable, stable and healthy development.

For details, please refer to the "2023 Annual Internal Control Self-Assessment Report" published by the Company on www.cninfo.com.cn on March 27, 2024.

2. Details of the Material deficiencies in internal control identified during the reporting period

Yes No

XIII. Management and Control of the Company's Subsidiaries during the Reporting Period

Name of the Company	Integration Plan	Integration Progress	Challenges Encountered during Integration	Measures Taken to Resolve the Issue	Settlement Progress	Subsequent Settlement Plan
Agrinova New Zealand Limited	Integrated finance and IT function immediately after Closing, further integration of commercial and other supporting functions after 3 years.	Finance and IT have already fully integrated with ADAMA.	No major challenges	Not applicable	Not applicable	Not applicable

Note: The Company should disclose its management and control over subsidiaries during the reporting period. Where a new subsidiary is added as a result of any acquisition during the reporting period, it should provide a detailed description of the integration plan in terms of assets, personnel, finances, organizations, business, etc., the progress of the integration, challenges encountered, measures taken to resolve them, the progress of the resolution, and the plan for subsequent resolution.

XIV. Self-assessment Report or Audit Report on Internal Control

1. Self-assessment report on internal control

Date of disclosure of self-assessment report on internal control	March 27, 2024
Reference website of self-assessment report on internal control	www.cninfo.com.cn
Rate of total Assets of Units within the Assessment Scope Compared to Total Assets in the Consolidated Statements of the Company	70.3%

Rate of total Operating Income of Units within the Assessment Scope Compared to Total Operating Income in the Consolidated Statements of the Company	70.0%
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Criteria of Deficiency

Categories	Internal control over financial reporting	Internal control not related to financial reporting
Qualitative criteria	<p>Material Deficiency: Resulting in an adverse opinion or disclaimer of opinion, by the external auditor, on the Company's financial statements; or resulting in a material correction of the Company's publicly announced financial statements.</p> <p>Significant Deficiency: Resulting in a qualified opinion, by the external auditor, on the Company's financial statements; or resulting in an adverse opinion or disclaimer of opinion, by the external auditor, on the Company's material subsidiaries' (i.e. Solutions) financial statements; or resulting in a significant correction of the Company's material subsidiaries' (i.e. Solutions) publicly announced financial statements. In addition, where no internal control or no relevant compensation control is established or implemented for the accounting treatment for unusual or special transactions.</p> <p>General Deficiency: Resulting in an unqualified opinion, with an explanatory paragraph, by the external auditor, on the Company's financial statements; or resulting in a qualified opinion, or unqualified opinion with an explanatory paragraph, by the external auditor, on the Company's subsidiaries' financial statements.</p>	<p>Material Deficiency:</p> <ol style="list-style-type: none"> 1) Fraud committed in the Company by any of its directors, supervisors and senior management personnel; 2) The Company materially violates material laws and regulations, resulting in a material effect on the Company's business; 3) Material design deficiencies in the Company's relevant management system; 4) The Company materially violates the decision-making process thereby causing a material negative impact on the Company's business (generally related to matters that need to be approved by the shareholders meeting or the board of directors). 5) Material impact to the Company's reputation. <p>Significant Deficiency:</p> <ol style="list-style-type: none"> 1) Significant fraud committed by any department head of the Company; 2) Significant fraud committed by a head of any of the Company's material subsidiaries; 3) The Company violates significant laws and regulations, resulting in significant fines as well as a significant effect on the Company's business; 4) Significant design deficiencies found in the Company's relevant management system; Material design deficiencies are found in the relevant management systems of subsidiaries; 5) The Company violates material decision-making procedures, resulting in a significant effect on the Company's business (generally referred to matters subject to senior management's decision); 6) Material Subsidiaries violate decision-making process, thereby causing a material negative impact on the Company's business (generally referred to matters that need to be decided by the shareholders' meeting or the board of directors). 7) Significant impact to the Company's reputation. <p>General Deficiency:</p> <ol style="list-style-type: none"> 1) Fraud committed by any other personnel in the Company;

		<p>2) Fraud committed by any other personnel in material subsidiaries;</p> <p>3) The Company materially violates material internal regulations or non-materially violates material laws and regulations, resulting in negative feedback from regulatory authorities;</p> <p>4) There are other violations of laws and regulations or internal regulations found in material subsidiaries.</p> <p>5) There are general design deficiencies in the relevant management system of the Company; other design deficiencies exist in the relevant management system of the material subsidiaries;</p> <p>6) The Company violates the decision-making process, resulting in a negative impact on the Company's business;</p> <p>7) Material Subsidiaries violate decision-making process, resulting in a negative impact on the Company's business.</p>
Quantitative criteria	<p>Material Deficiency: The misstatement in financial report relates to an amount that is greater than or equal to RMB 100 million.</p> <p>Significant Deficiency: The misstatement in financial report relates to an amount that is greater than or equal to RMB 50 million, but less than RMB 100 million.</p> <p>General Deficiency: Resulting in other misstatement related amounts.</p>	<p>Material Deficiency: Asset Loss \geq RMB 150 million</p> <p>Significant Deficiency: RMB 80 million \leq Asset Loss < 150 million RMB</p> <p>General Deficiency: Asset Loss < 80 million RMB</p>
Number of material deficiencies in internal control over financial reporting	0	
Number of material deficiencies in internal control not related to financial reporting	0	
Number of significant deficiencies in internal control over financial reporting	0	
Number of	0	

significant deficiencies in internal control not related to financial reporting

2. Audit report on internal control

Applicable Not applicable

Audit opinion paragraph in the internal control audit report

Disclosure of internal control audit report	Disclose
Date of disclosure of internal control audit report	March 27, 2024
Reference website of internal control audit report	www.cninfo.com.cn
Type of audit opinion in the internal control audit report	Unqualified opinion.
Is there any material deficiencies in internal control not related to financial reporting	No.

Does the accounting firm issue non-standard audit opinion on internal control?

Yes No

Is the opinion issued by accounting firm consistent with the opinion in the self-assessment report by the Board?

Yes No

XV. Rectification of Problems Identified during the Self-examination Action Dedicated for Corporate Governance of Listed Companies

According to the self-inspection results on special actions of corporate governance of listed companies in 2021, the Company should carry out actions on a long-term basis to continuously enhance corporate governance in the following aspects:

- Update relevant policies and procedures of corporate governance and internal control according to latest laws, regulations and regulatory requirements and in combination with the actual situation of the Company;
- Further strengthen training of the Company's directors, supervisors and senior management of relevant laws and regulations, and further standardize their work and raise self-discipline awareness;

In the year of 2023, the Company carried out the following accordingly:

- Upon consideration and approval at the 19th meeting of the Ninth Session of the Board of Directors held on March 19th, 2023, the Company amended the Articles of Association and the relevant Rules of Procedure (which were later adopted at the 2022 Annual General Meeting held on 12 April), the Management Measures for the Delegation of Certain Powers of the Board of Directors to the Chief Executive Officer, and formulated the Work Plan on Supporting External Directors to Perform Duties and the Work Rules of the President and Chief Executive Officer. It continued to promote the implementation of relevant requirements for deepening the reform of state-owned enterprises, improve system development, enhance the efficiency of decision-making and strengthen the services and support for independent directors to perform their duties.
- As being considered and approved by the 27th meeting of the Ninth Session of the Board of Directors held on December 8th, 2023 and the 3rd Extraordinary General Meeting of 2023 held on December 25th, 2023, the Company once again amended its Articles of Association, which included new provisions reflecting the Measures for the Administration of Independent Directors issued by CSRC in August 2023.
- As being considered and approved at the 29th meeting of the Ninth Session of the Board of Directors held on December 29th, 2023, the Company revised the Management Policy of Investor Relations, and formulated the Remuneration Management Measures, External Guarantee Management Measures, Liability Management Measures and External Donation Management Measures to institutionalize the duties and authorities of the Board of Directors and to reach requirements of SASAC for state-owned held listed companies.
- The Company ensures that its directors and supervisors participate in relevant trainings organized by the CSRC's authorized agencies and the Stock Exchange, which include annual report training and special trainings on the reform of the independent director system, the quality of listed companies and corporate governance. As some directors and most of its senior management members are foreigners, the Company regularly compiles newsletters containing the contents of trainings, important updates on laws and regulations of China's capital market, and regulatory cases in both English and Chinese versions. The newsletters are sent to the directors, supervisors, and senior management to enhance their understanding of the policy environment in China and facilitate the implementation of relevant requirements in the Company's global business.

Section V - Environment and Social Responsibilities

I. Major Environmental Protection Issues

Is the Company listed as key polluting entities by environmental protection agencies?

Yes No

Policies and Sector Standards related to Environmental Protection

The Group complies with the following laws, regulations and sector standards related to environmental protection in the process of production and operation:

1. Laws and Regulations

- 1) Environmental Protection Law of the People's Republic of China;
- 2) Law of the People's Republic of China on the Prevention and Control of Air Pollution;
- 3) Law of the People's Republic of China on the Prevention and Control of Water Pollution;
- 4) Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste;
- 5) Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution;
- 6) Law of the People's Republic of China on the Prevention and Control of Soil Pollution;
- 7) Water Law of the People's Republic of China;
- 8) Cleaner Production Promotion Law of the People's Republic of China;
- 9) Yangtze River Protection Law of the People's Republic of China;
- 10) Regulations on the Administration of Pesticides;
- 11) Regulations on the Administration of Environmental Protection of Construction Projects;

2. Sector Standards

- 1) Discharge Standard of Pollutants for Urban Sewage Treatment Plant (GB18918-2002);
- 2) Water Quality Standard for Sewage Discharged into Urban Sewers (GB/T 31962-2015);
- 3) Emission Standard of Air Pollutants for Pesticide Manufacturing Industry (GB 39727-2020);
- 4) Standard for Pollution Control of Hazardous Waste Incineration GB18484-2020;
- 5) Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011);

- 6) Emission Standard of Air Pollutants for Pesticide Manufacturing Industry (GB 39727-2020);
- 7) Standard for fugitive emission control of volatile organic compounds (GB37822-2019);
- 8) Emission Standard for Volatile Organic Compounds in Chemical Industry (DB 32/3151-2016);
- 9) Emission Standard for Odor Pollutants (GB 14554-93);
- 10) Emission Standard for Industrial Enterprises Noise at Boundary GB12348-2008;
- 11) Standard for Pollution Control of Storage and Landfill of General Industrial Solid Waste GB18599-2020;
- 12) Standard for Pollution Control of Hazardous Waste Storage GB18597-2023.

Environmental Protection Administrative Permits

1. EIA Approval

During the reporting period, the EIA approval obtained by the Company is “*Approval Opinions on the Environmental Impact Reporting Form for the Overall Relocation and Upgrading Project of Insecticides and the Recycled Solvent Purification Project of ADAMA Ltd.*”.

2. Waste Discharge Permits

The Company made a change to its discharge permit on 7 November 2023 and therefore, the discharge permit for 2023 is in force. ADAMA Anpon, one of the Company's subsidiaries had its discharge permit for its plant changed on 7 September 2023 and reapplied for a discharge permit for its Maidao plant on 4 December 2023. Therefore, both discharge permits in 2023 are within the validity period. The discharge permit of the Company's subsidiary, ADAMA Huifeng, was changed on 7 December 2023, and it is also within the validity period for the year.

Sector Discharge/Emission Standards and Pollutant Discharge and Emission during Operational Activities

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
ADAMA Ltd.	Waste water	COD	Continuous	1	General Discharge Port	The new site: 16.7425mg/L	For the new site: Discharge Standards for Pollutants from Urban Sewage Treatment Plant (GB 18918 – 2002), COD <50mg/L	65.4231	173.2104	None

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
	Waste water	Ammonia nitrogen	Continuous	1	General Discharge Port	The new site: 0.2966mg/L	For the new site: <i>Discharge Standards for Pollutants from Urban Sewage Treatment Plant</i> (GB 18918 – 2002), ammonia nitrogen < 8mg/L;	1.1591	17.321	None
	Waste water	Total Phosphorous	Continuous	1	General Discharge Port	The new site: 0.296 mg/L.	For the new site: <i>Discharge Standards for Pollutants from Urban Sewage Treatment Plant</i> (GB 18918 – 2002), total phosphorous < 0.5mg/L	1.1568	1.722	None
	Waste gas	NOx	Continuous	4	Power plant, Hazardous waste incinerator and RTO	Power plant: 12.253 mg/m ³ Hazardous waste incinerator: 31.8375 mg/m ³ Acephate RTO: 6.3942mg/m ³ ww RTO: 2.5975 mg/m ³	(1) The power plant complies with the ultra-low limit of the standard range for pollutant emission, which is NOx < 50mg/m ³ ; (2) Hazardous waste incinerator: Table 3 in the " <i>Standards for the Control of Hazardous Waste Incineration Pollution</i> " (GB18484-2020), which is NOx < 300mg/m ³ ; (3) RTO: Table 1 and 2 and specifically the air pollutant emission	33.5304	200.27	None

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
							limits in Table 2 of the "Standards for the Air Pollutant Emission of the Pesticide manufacturing Industry" (GB 39727-2020), which is NOx <200mg/m ³ ;			
	Waste gas	SO ₂	Continuous	4	Power plant, Hazardous waste incinerator and RTO	Power plant: 3.1408 mg/m ³ Hazardous waste incinerator: 8.4692 mg/m ³ Acephate RTO: 6.8752 mg/m ³ ww RTO: 1.6133 mg/m ³	(1) The power plant complies with the ultra-low limit of the standard range for pollutant emission, which is SO ₂ < 35 mg/m ³ ; (2) Hazardous waste incinerator: Table 3 in the "Standards for the Control of Hazardous Waste Incineration Pollution" (GB18484-2020), which is SO ₂ <100mg/m ³ ; (3) RTO: Table 1 and 2 and specifically the air pollutant emission limits in Table 2 of the "Standards for the Air Pollutant Emission of the Pesticide manufacturing Industry" (GB 39727-2020), which is SO ₂ <200mg/m ³ ;	7.9219	110.48	None

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
	Waste gas	Fume and dust	Continuous	4	Power plant, Hazardous waste incinerator and RTO	Power plant: 0.7353 mg/m ³ Hazardous waste incinerator: 3.3167mg/m ³ Acephate RTO: 3.5275 mg/m ³ ww RTO: 7.8242 mg/m ³	(1) The power plant complies with the ultra-low limit of the standard range for pollutant emission, which is fume and dust < 10 mg/m ³ ; (2) Hazardous waste incinerator: Table 3 in the "Standards for the Control of Hazardous Waste Incineration Pollution" (GB18484-2020), which is fume and dust <30 mg/m ³ ; (3) RTO: Table 1 and 2 and specifically the air pollutant emission limits in the " the Emission Standards for Air Pollutants of the Pesticide Manufacturing Industry" (GB 39727-2020), which is fume and dust < 30 mg/m ³ ;	9.5559	35.126	None
	Waste gas	VOCs	Continuous	1	RTO	Acephate RTO: 25.5233 mg/m ³	Table 1 and 2 and specifically, the emission limits of air pollutants in Table 2 of the <i>the Emission Standards for Air Pollutants of the Pesticide</i>	3.3276	6.221 t/a	None

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
							<i>Manufacturing Industry</i> (GB 39727-2020), which is VOCs <100mg/m ³			
ADAMA Anpon (Jiangsu) Co., Ltd.	Waste water	COD	Continuous	2	General Discharge Port	Maidao: 82.85mg/L Discharge Port at the Old Plant of Anpon: 76.13mg/L Discharge Port at the North Plant of Anpon: 32.15mg/L	<i>Comprehensive Standard on Discharge of Waste Water</i> (GB8978-2002), COD< 500 mg/l; Maidao site: industry park's waste water discharge agreement, COD<500mg/L	87.88	Maidao:197.718 Anpon: 265.69	None
	Waste water	Ammonia Nitrogen	Continuous	2	General Discharge Port	Maidao: 0.62mg/L; Discharge Port at the Old Plant of Anpon: 4.05mg/L Discharge Port at the North Plant of Anpon: 1.92mg/L	<i>Water Quality Standard for Sewage Discharged into Urban Sewerage</i> (GBT 31962-2015), Ammonia Nitrogen <45 mg/l; Maidao site: industry park's waste water discharge agreement, Ammonia Nitrogen <35 mg/l	2.633	Maidao: 4.385 Anpon: 28.348	None
	Waste water	Total Phosphorous	Continuous	2	General Discharge Port	Maidao: 0.89mg/L; Discharge Port at the Old Plant of Anpon: 0.29mg/L Discharge Port at the North Plant of Anpon: 1.34mg/L	For Anpon: <i>Water Quality Standard for Sewage Discharged into Urban Sewerage</i> (GBT 31962-2015), total phosphorous < 8 mg/l; For Anpon's branch Maidao: Agreement on	0.39	Maidao: 0.426 Anpon: 20.273	None

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
							Wastewater Discharge, total phosphorous < 3 mg/l;			
	Waste gas	NOx	Continuous	1	DFTO Incinerator Vent	Maidao: 14.64mg/m ³	Emission Standard of Air Pollutants for Pesticide Industry GB 39727-2020NOx < 200 mg/m ³	0.1989	Maidao: 3.986 Anpon: 181.516	None
	Waste gas	SO ₂	Continuous	1	DFTO Incinerator Vent	Maidao: 1.39mg/m ³	Hazardous Waste Incineration Pollution Control standards GB 18484-2020SO ₂ < 100 mg/m ³	0.0279	Maidao: 1.943 Anpon: 396.902	None
	Waste gas	Particles	Continuous	1	Pymetrozine dryer tail gas	Anpon: 2.5 mg/m ³	Emission Standard of Air Pollutants for Pesticide Industry GB 39727-2020	0.107	Maidao: 2.115 Anpon: 67.515	None
	Waste gas	VOCs	Continuous	22	17 in Anpon Site and five in Maidao	Maidao: 2.21mg/m ³ ; Anpon:5.28mg/m ³	Standards for the Volatile Organic Compound Emission of the Chemical Industry, DB 32/3151-2016	0.6186	Maidao: 41.712 Anpon: 47.313	None
ADAMA Huifeng (Jiangsu) Co., Ltd.	Waste water	COD	Continuous	1	General Discharge Port	152.97 mg/l	Standards of the Industrial Park	48.7942	247.6378	None
	Waste water	Ammonia Nitrogen	Continuous	1	General Discharge Port	3.26 mg/l	Standards of the Industrial Park	0.7242	19.3783	None
	Waste water	Total Phosphorous	Continuous	1	General Discharge Port	0.45 mg/l	Standards of the Industrial Park	0.1315	0.9285	None

Company name	Category of Pollutants	Main pollutants and special pollutants	Way of emission	No. of emission points	Layout of emission points	Concentration	Pollution standards applied	Total amount emitted/ Discharged (ton)	Total amount Approved (ton)	Exceeding limit
	Waste water	total nitrogen	Continuous	1	General Discharge Port	20.78 mg/l	Standards of the Industrial Park	6.3706	46.77204	None
	Waste gas	NOx	Continuous	6	RTO and the Discharge Ports at Various Workshops	7.33 mg/m ³	<i>Jiangsu Comprehensive Standard on Air Pollutants Emission (DB32/4041-2021)</i>	7.4837	147.7072	None
	Waste gas	SO ₂	Continuous	6	RTO and the Discharge Ports at Various Workshops	6.82 mg/m ³	<i>Jiangsu Comprehensive Standard on Air Pollutants Emission (DB32/4041-2021)</i>	4.4502	47.1958	None
	Waste gas	Particles	Continuous	6	RTO and the Discharge Ports at Various Workshops	2.22mg/m ³	<i>Jiangsu Comprehensive Standard on Air Pollutants Emission (DB32/4041-2021)</i>	1.4009	22.7146	None
	Waste gas	non-methane hydrocarbon	Continuous	9	RTO and the Discharge Ports at Various Workshops	11.69 mg/m ³	<i>Jiangsu Comprehensive Standard on Air Pollutants Emission (DB32/4041-2021)</i>	21.6505	62.92994	None

Treatment of Pollutants

(1) Development and Operation of Wastewater Facilities

The Company has a 20,000 tons/ D wastewater treatment station, adopting the process of "two-layer A / O + MBR + ozone synergistic oxidation + MBBR + calcium removal of phosphorus". The wastewater treatment facilities are running normally. After treatment, the COD, ammonia nitrogen and total phosphorus in the discharged wastewater are within the limit.

ADAMA Anpon, the subsidiary of the Company, has a 11,000 tons/ D wastewater treatment station. As all its facilities are operating well, COD, ammonia nitrogen, and total phosphorus discharged after the treatment are within the limit.

ADAMA Hufieng, the subsidiary of the Company has a 5000 tons/D wastewater treatment station. As all its facilities are operating well, COD, ammonia nitrogen, total nitrogen and total phosphorus discharged after the treatment are within the limit.

(2) Development and Operation of Waste Gas Facilities

The Company's coal-fired thermal power plant was carried out ultra-low emission transformation. After the transformation, the environmental protection facilities of the power plant operate normally. Sulfur dioxide, nitrogen oxides and dust in flue gas all meet the ultra-low emission standards.

The incinerator of hazardous waste of the Company adopt the process of "SNCR + semi dry (quench) deacidification + activated carbon injection + bag dust removal + SCR" for the tail gas. Sulfur dioxide, nitrogen oxides and fume and dust in tail gas all meet the standard.

The RTO of the Company adopts treatment process of VOCs using "acid washing and absorption + alkali washing and absorption + three-chamber RTO incineration + quench tower + alkali absorption". Sulfur dioxide, nitrogen oxide, fume and dust, and VOCs in the tail gas all meet the standard.

ADAMA Anpon, the subsidiary of the Company, is equipped with RTO, TO, resin adsorption and other tail gas treatment facilities. Under the condition of meeting the emission standard, operation management is strengthened to further reduce the total VOCs emission.

ADAMA Huifeng, the subsidiary of the Company, has RTO, alkali washing facilities and acid washing facilities, which are respectively used to treat process waste gas containing volatile organic compounds, acid washing waste gas and alkali washing waste gas. The main emission indicators of waste gas, such as sulfur dioxide, nitrogen oxides, fume and dust, and NMHC in tail gas all meet the standard.

ADAMA (Nanjing) Agricultural Technology Co., Ltd, an indirectly owned subsidiary of the Company, is equipped with blowers and vent piping, each of which has scrubber and active carbon filters. VOC and HCl in treated waste gas meet the standards.

(3) Implementation of the Interim Measures on Environmental Information

The Company and its subsidiaries disclose production and pollution information according to the Interim Measures on Environmental Information Disclosure and transfer information of main wastewater and air pollutants to the information platform of the local environmental bureaus on a daily basis.

Contingency Plan of Environmental Accidents

The Company and its relevant subsidiaries have formulated the Contingency Plan for Environmental Emergencies according to their production facilities and industry features, and then submitted files to the local environmental protection authorities as record.

Environment self-monitoring plan

ADAMA attributes great importance to protecting the environment, out of a sense of responsibility to society and the environment and strives to meet the relevant regulatory requirements and to even go beyond mere compliance, engaging in constant dialogue with stakeholders, including the authorities and the community.

In order to improve the environmental management, track the discharge of various pollutants, evaluate the impact on the surrounding environment, strengthen the discharge management of pollutants in the production process, accept the supervision and inspection of environmental authorities and provide reference for pollution prevention and control, the company has formulated a self-monitoring plan, which conducts regular tests in strict accordance with the requirements.

The major monitored indicators and frequency are as the following:

1. Monitored Indicators

Wastewater: COD, NH₃-N, pH, SS, Petroleum, TP.

Air Pollutant: SO₂, Nitrogen oxide, Fume and Dust, Non-Methane Hydrocarbon

Noise: Noise at the Site Border

2. Frequency

Continuous auto monitoring: Fume and dust and NMHC in boiler emission, SO₂, NO_x, fume and dust of RTO, and wastewater discharged from the centralized point (COD, Ammonia Nitrogen and total phosphorous)

Manual sampling: particles from certain air emissions, suspended particles from wastewater and Petroleum once a month.

Noise: once a quarter.

ADAMA continually examines the implications of the environmental laws, takes actions to prevent or mitigate the environmental risks and to reduce the environmental effects that may result from its activities, and invests extensive resources to fulfill those legal provisions that are, and are anticipated to, affect it. ADAMA's plants are subject to atmospheric emissions regulations, whether by virtue of the stipulations provided in the business licenses or under the applicable law. Hazardous materials are stored and utilized in the Company's plants, together with infrastructures and facilities containing fuels and hazardous materials. ADAMA takes actions to prevent soil and water pollution by these materials and treats them, if revealed. ADAMA's plants conduct various soil surveys, risk surveys and tests with regard to treatment of the soil or ground water at the plants.

ADAMA intends to continue investing in environmental protection, to the extent required and beyond this, whether on its own volition or in compliance with contractual commitments, regulatory or legal standards relating to environmental protection, so as to realize its best available policy and comply with any legal requirements.

As part of its policy of ecological process improvement, ADAMA also invests in remediation, changes in production processes, establishment of sewage facilities, as well as in byproduct storage and recycling.

Inputs in Environmental Protection and Treatment and Payment of Environmental Tax

Company Name	Inputs in Environmental Protection and Treatment during 2023 (0,000RMB)	Payment of Environmental Tax in 2023 (0,000RMB)
ADAMA Ltd.	5,650	34.2
Adama Anpon (Jiangsu) Ltd.	2,680	1.5
Adama Huifeng (Jiangsu) Ltd.	11,552	6.27

Measures taken to reduce its carbon emissions during the reporting period and their effects

Applicable Not applicable

During the reporting period, the Company established the working group on energy conservation and carbon reduction, formulated the indicators of energy conservation and carbon reduction in the future, completed carbon emission verification and compliance, and carried out a number of energy conservation and emission reduction work, such as recovering the waste heat of hydrogen brine by adding heat exchangers, saving steam consumption, and reasonably allocating resources through the combined transformation of utilities (refrigeration station and compressed air station), reducing energy consumption and maintaining facilities, changing the model of water pumps and motors, adding frequency converter make water pump motors better match the actual demand, optimizing the design of chlor-alkali brine process pipeline to reduce energy consumption and CO2 emission, etc.

Administrative punishment for environmental problems during the reporting period

None

Other environmental information that should be disclosed

None

Other environmental related information

None

Occurrence of Environmental Accidents

During the reporting period, the Company and its subsidiaries didn't have material environmental accidents.

II. Social Responsibilities

In ADAMA's 2022 Environmental, Social, and Corporate Governance (ESG) report, published July 2023, it set a target of reducing scope 1 and 2 carbon emissions by 5% on average every year until 2030, in order to support the 1.5°C Paris Agreement.

As of the end of 2023, ADAMA is in line with achieving this target.

Sustainability in Products:

- In 2023 the first product based on **Sesgama™** was launched. **Sesgama™** is ADAMA's proprietary formulation technology platform for high-load and other challenging formulations, enabling less use of co-formulants, transport and

packaging materials per acre treated with a resulting improved product sustainability profile. The product launched was the herbicide FullScript™, launched in the US.

- During 2023 ADAMA continued to register and launch products based on its proprietary **Asorbital**® formulation technology platform a unique formulation that improves the leaf penetration and systemic movement of the Active Ingredient in the plant, while minimizing environmental impact. This technology provides greater efficacy and sustainability and can be used to reduce application rates.
- **Expanded use of containers with reduced environmental impact** – Containers that have been redesigned to a rectangular shape from a cylinder allow for product to be placed more densely on pallets and trucks, enabling a 45% increase in product packed, reducing transportation needs and associated carbon emissions, as well as comprise 10% less plastic. Following a successful launch in India, this design is expected to be launched in additional geographies bringing a reduction of 17.2% in GHG emissions, eliminating the release of up to 340 metric tons of CO2e into the atmosphere annually.

Sustainability in manufacturing:

- **Shift of Company vehicles to electrical** – during 2023 52% of ADAMA's forklifts at its manufacturing sites in Israel and 42% of its private cars in Israel transitioned to electrical. This trend will continue in 2024, aiming to double the number of electrical forklifts and increase by 20% the number of electrical private cars. The electrical forklifts saved 160,000 liters of diesel in 2023.
- **Recycling hazardous waste back to raw materials** – ADAMA collaborates with inhouse or external recycling companies to reuse/recycle 13,817 tons of hazardous wastes back to raw materials utilizing by its own operations or other industries. In Israel, ADAMA operates two plastic recycling centers at its largest formulation sites, Agan and Beer Sheva. These centers clean contaminated plastic packing products, allowing the use of the plastic to produce pipes in the construction and communication sectors.

The Company is required to comply with the “Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange: No. 3 - Disclosure of Industry Information”, specifically for the chemical sector.

The Company and its manufacturing subsidiaries have all passed the safety standardization audit for enterprises (hazardous chemicals). It integrates the safety standardization with Sinochem's “FORUS” system and operates effectively. According to the structure and functions of each department, it has strengthened the implementation of the safety responsibility of the leadership team at all levels, optimized the management organization, practically implemented double responsibility for one post, revised the production safety responsibility system, improved the safety management network and assigned dedicated personnel for production safety. It has also adjusted the composition of the workforce for safety standardization according to the actual operation and differentiated the responsibilities and duties for various members. The Company successfully completed renewal of production permits and other compliance procedures.

The Company's safety performance has been maintained at a sound level with no material casualty occurred. During the reporting period, the Company improved the safety production process from multiple perspectives, such as resource budget, equipment process and safety management. The Company built a dual prevention mechanism and HSE application systems integrating material hazard source monitoring, personnel positioning, five-in-one, electronic work ticket and on-site inspection.

In terms of production processes, chemicals of less hazards replaced more hazardous ones, continuous reactions replaced the batch-based ones, and the principle of safety fundamentals were given priority by buying intermediates directly instead of operating some high-risk reactions, adopting vacuum feeding machine (PTS) and automatic feeding silo instead of manual operation, etc. In terms of hardware, the company continuously improves and perfects the application of automation and implements a number of safety initiatives while being equipped with automatic control, alarms, interlocks, safety instrumentation systems, emergency pressure relief and other safety devices and instruments, which provide multiple protections for safe production. In terms of management, it has persistently pushed to ensuring core elements such as

process safety information, process hazard analysis, change management, pre-start safety inspection, mechanical integrity, process safety event management, etc., which has resulted in significant progress in the level of process safety management and obtained the certification of process safety management audits from an internationally renowned third-party company. Meanwhile, the company continuously strengthens safety investment and attaches importance to the implementation of safety protection facilities, equipment maintenance and testing, daily monitoring and evaluation, training, promotion and application of new technologies and other aspects of safety work.

In terms of safe production education and training, the Company has carried out HSE training for employees and provided a series of HSE IDP training for the management. This year, it will continue to promote the implementation of relevant training at the front line, focusing on learning and complying with various regulatory requirements such as the tiered subcontracting accountability for safety guarantee of hazardous chemical production enterprises. During the reporting period, the Company received inspections to its sites by government agencies and the shareholding group for more than 200 times and has basically completed rectification according to the inspection results. In terms of emergency response, the Company organizes emergency drills and fire drills in various scenarios according to the laws and regulations, recruits professional emergency management personnel, participates in professional emergency training and assessment organized by Sinochem, so as to strengthen the emergency response ability of front-line employees through daily training KPIs and drills. In terms of occupational health, the Company has strengthened its employees' hazard identification ability, organized chemical protection knowledge assessment and IDP HSE ability examination, and through a series of specialized action plans, it has effectively raised employees' awareness of safety and protection and improved the level of plant safety and production management. CHRA risk assessment has been promoted for each exposure position across the company, job-based occupational hazards been identified and risk reduction measures been formulated, all of which has further laid a solid foundation for enhancing the occupational status.

III. Enhancement of the results of poverty alleviation and rural revitalization

In terms of consolidating and expanding the achievements of poverty eradication and rural revitalization, during 2023, the Company's Jingzhou site actively responded to the call of the Hubei Provincial Federation of Trade Unions and the Jingzhou Municipal Federation of Trade Unions, and purchased poverty relief materials of 218,100 RMB from the designated counterpart poverty relief counties in Jingzhou. ADAMA Anpon, one of the Company's subsidiaries, continued to provide paired-up assistance to Sanhe Village, Shunhe Township, Huai'an District in Huai'an City of Jiangsu Province in accordance with the arrangements of the local provincial government for the economically less developed villages. During the spring farming season, various towns and communities at Huai'an District pushed forward the public space governance for the countryside. According to the unified planning of the task force, volunteers from ADAMA Anpon analyzed and deployed with the village councils to facilitate the implementation. Thanks to the efforts on public space governance, Sanhe Village managed to rectify 235 problems, recovered land area of 743.67 mu, and increased collective income by 321,300 yuan through a variety of methods such as land transfer, revitalization of idle assets and resources, and remediation of encroached assets and resources.

Section VI - Significant Events

I. Performance of commitments

1. Commitments completed by the Company, the shareholders, the actual controllers, the purchasers, or the other related parties during the Reporting Period and those hadn't been completed execution up to the period-end

√ Applicable □ Not applicable

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	-	-	-	-	-	-
Commitment in the acquisition report or the report on equity changes	ChemChina	Commitments on the horizontal competition	1. The business of ChemChina's subsidiaries - Jiangsu Anpon Electrochemical Co., Ltd., Anhui Petroleum Chemical Group Co., Ltd., Shangdong Dacheng Agrochemical Co., Ltd., Jiamusi Heilong Agrochemicals Co., Ltd., and Hunan Haohua Chemical Co., Ltd. and its subsidiary are the same or similar business as the main business of ADAMA. As for horizontal domestic competition, ChemChina committed to gradually eliminate such kind of horizontal competition in the future and to fight for the internal assets reconstruction, to adjust the industrial plan and business structure, to transform technology and to upgrade products, to divide the market so as to make each corporation differ in the products and its ultimate users according to the securities laws and regulations and industry policy within 7 years, thus to	September 7, 2013	Regarding commitment 1, September 6, 2020 (According to the commitments made by ChemChina on October 12, 2016, the date to eliminate the domestic horizontal competition between the	Regarding Commitment 1, completed. The committed party complies with the commitments:(1) ChemChina had transferred its shares in Anpon to ADAMA; (2) ChemChina had transferred its shares in Jiamusi Heilong to a third party, such that. Jiangmusi Heilong is no longer a subsidiary of

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			<p>eliminate the current domestic horizontal competition between ChemChina's controlled subsidiaries and ADAMA.</p> <p>2. Other than the existing and potential horizontal competition stated in the acquisition report, ChemChina will take effective measures to avoid engagements by itself and its controlled subsidiaries in new business that is in the same or similar business to ADAMA, within the territory in future. 3. If ChemChina or its controlled subsidiaries domestically conduct related business which form horizontal competition with ADAMA, in the future, ChemChina will actively take steps, to gradually eliminate the competition, the concrete measures including but not limited to internal assets reorganization, (including putting the business into ADAMA or operated through ADAMA) to adjust the industrial plan and business structure, to modify technology and to upgrade products, to segment the market so as to distinguish each corporation in terms of products and its end users, thus to avoid and eliminate domestic horizontal competition between ChemChina's controlled subsidiaries and ADAMA.</p>		<p>Company and Jiangsu Anpon Electrochemical Co., Ltd., Anhui Petroleum Chemical Group Co., Ltd., and Jiamusi Heilong Agrochemicals Co., Ltd., is January 4, 2022).</p> <p>Regarding commitments 2 and 3, long term.</p>	<p>ChemChina; (3) Shangdong Dacheng is not a subsidiary of CNAC and doesn't carry out agrochemical business; (4) ChemChina is not the actual controller of Haohua; (5) CNAC, the wholly-owned subsidiary of ChemChina, signed an Entrusted Operation and Management Agreement as well as a Supplemental Agreement with the Company, and entrusted the operation and management of Anhui Petrochemical Co., Ltd. to the Company.</p> <p>Regarding commitments 2 and 3, On-going. The committed party</p>

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
						complies with the commitments.
	ChemChina	Commitments on the independence of ADAMA and related- party transactions	ChemChina will comply with laws, regulations and other regulatory documents to avoid and reduce related-party transactions with ADAMA. However, for related-party transactions that are inevitable or based on reasonable grounds, ChemChina will follow the market principles of just, fairness and openness, and enter into agreement(s) legally and go through lawful procedures. ChemChina will honor its disclosure obligations and apply for relevant approvals according to the AoA of ADAMA, rules regarding related-party transactions and relevant regulations, not impairing the lawful rights and interest of ADAMA and its shareholders by related-party transactions. After completion of the acquisition transaction, ADAMA will continue to keep complete procurement, production and sales systems and to possess independent intellectual properties. ChemChina and its affiliated parties will be completely independent from ADAMA in terms of staff, assets, finance, business and organization. ADAMA will have full capacity of operation in Chinese agricultural chemical market. ChemChina will continue to follow the Company Law and Securities Law so as to avoid any action that may impair the operating independence of ADAMA.	September 7, 2013 and January 7, 2020	Long term	On-going. The committed party complies with the commitments.
	ChemChina	Commitments on horizontal competition	ChemChina will keep taking appropriate measures to resolve the same issue between ADAMA and Anhui Petrochemical Co., Ltd. within four years after ADAMA buys 100% shares of ADAMA Solutions	January 7, 2020	January 4, 2022	Completed. The committed party complies with the commitments.

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			<p>through the issuance of shares to CNAC and finishes the raising of supporting finance in accordance with the original commitments as well as various the requirements of securities laws and regulations and industry policies.</p>			<p>CNAC, the wholly-owned subsidiary of ChemChina, signed an Entrusted Operation and Management Agreement as well as a Supplemental Agreement with the Company, and entrusted the operation and management of Anhui Petrochemical Co., Ltd. to the Company.</p> <p>Note: On January 4, 2018, ADAMA completed the purchase of the shares of ADAMA Agricultural Solutions Ltd. and the raising of supporting finance.</p>
			<p>Based on a preliminary review, ChemChina believes that Syngenta A.G. and ADAMA may have horizontal competition to some extent. It will further analyze, confirm and specify if the two companies share the</p>	January 7, 2020	January 7, 2025	<p>On-going. The committed party complies with the commitments.</p>

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			same or similar businesses and products in terms of business content, suppliers and customers, product substitution, processes and core technologies and distribution channels, etc. If the result will be positive, ChemChina will gradually solve the issue within 5 years after the issuance of this Letter by taking appropriate measures, including but not limited to internal asset restructuring, industrial planning and business structure adjustment, technology transformation and product upgrading, market segmentation or other feasible solutions in accordance with the requirements of securities laws and regulations and industry policies.			
			Once Sinofert and Sinochem Agriculture are the subsidiaries of ChemChina, ChemChina will analyze if there are same or similar businesses among the three subsidiaries. If the result will be positive, ChemChina will then propose corresponding solutions for any business or product that constitutes competition in accordance with the requirements of applicable laws, regulations and regulations to solve the issue of horizontal competition.	January 7, 2020	Long term	On-going. The committed party complies with the commitments.
			Other than the foregoing, none of the main business of ChemChina and other controlled subsidiaries is the same or similar to that of ADAMA.	January 7, 2020	Long term	On-going. The committed party complies with the commitments.
			ChemChina will continue to take effective measures	January 7, 2020	Long term	On-going.

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			to prevent itself and its other subsidiaries from adding new businesses in the future that are the same as or similar to those of ADAMA. If ChemChina or any of its other subsidiaries develops related businesses that constitutes horizontal competition against the domestic business of ADAMA in the future, it will actively take relevant measures, including but not limited to asset restructuring, adjustment of industrial planning and business structure, technological transformation and Product upgrades, market segmentation and other feasible solutions, so that each enterprise will be different in their portfolio and end users and avoid and eliminate the horizontal competition with ADAMA.			The committed party complies with the commitments.
			From the effective date of the Commitment Letter, if ChemChina violates the above commitments, it should compensate ADAMA for the losses or expenses suffered or incurred by the violation.	January 7, 2020	Long term effective	On-going. The committed party complies with the commitments.
	Sinochem Holdings	Commitment to maintain the independence of ADAMA	This acquisition will not materially adversely affect the independence of ADAMA in terms of staff, assets, finance, business and organization. After completion of the acquisition transaction, ADAMA will continue to keep complete procurement, production and sales systems and to possess independent intellectual properties. Sinochem Holdings and its affiliated parties will strictly abide by the relevant provisions on the independence of listed companies in relevant laws, regulations and normative documents and be completely independent from ADAMA in terms of staff, assets, finance, business and organization, so as to ensure ADAMA	September 16, 2021	continue to be effective during the period that Sinochem Holdings controls ADAMA	On-going. The committed party complies with the commitments.

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			will have full capacity of operation in Chinese agricultural chemical market. Sinochem Holdings will follow related regulations in Company Law and Securities Law, and avoid engagement in any action that impairs the operating independence of ADAMA.			
	Sinochem Holdings	Commitments on the horizontal competition	With regard to the present or future possible competition between the subsidiaries of ChemChina and ADAMA, Sinochem Holdings will earnestly urge ChemChina to fulfill its commitments to ADAMA to avoid horizontal competition.	September 16, 2021	continue to be effective during the period that Sinochem Holdings controls ADAMA	On-going. The committed party complies with the commitments.
As for the horizontal competition between Sinochem Holdings' subsidiaries and ADAMA arising from this equity transfer, Sinochem Holdings will, according to the requirements of relevant securities regulatory authorities, within five years from the effective date of this letter of commitment, comprehensively use entrusted management, asset reorganization, equity replacement/transfer, business merger/adjustment or other legal means to steadily promote the integration of related assets or businesses that meet the requirements of injection into ADAMA in line with the principle of benefiting the development of ADAMA and safeguarding shareholders' interests, especially those of minority shareholders.			September 16, 2021	September 16, 2026	On-going. The committed party complies with the commitments.	
Sinochem Holdings will strictly abide by the relevant laws, regulations and normative documents, AOA and other internal management system of ADAMA, exercise the rights of shareholders according to the			September 16, 2021	continue to be effective during the period that Sinochem	On-going. The committed party complies with the commitments.	

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			law through the equity relationship, in line with the principle of state ownership and hierarchical management of state-owned assets, properly handle matters involving ADAMA's interests, and shall not use the control position to seek improper interests or transfer interests.		Holdings controls ADAMA	
	Sinochem Holdings	Commitment to standardize related-party transactions	Sinochem Holdings and its controlled subsidiaries will, as required by law, regulation and other specifications, avoid and reduce related party transactions with ADAMA; however, for the related party transactions that are inevitable or based on reasonable grounds, Sinochem Holdings and its controlled subsidiaries will strictly abide by the relevant laws, regulations and normative documents and relevant systems of ADAMA, legally enter into agreement(s) by law, go through lawful procedures, ensure fair pricing and perform its disclosure obligations. Sinochem Holdings and its controlled subsidiaries warrant that no related party transaction will be done to impair lawful rights and interest of ADAMA and its shareholders.	September 16, 2021	continue to be effective during the period that Sinochem Holdings controls ADAMA	On-going. The committed party complies with the commitments.
Commitments made at the time of assets reorganization	ChemChina	Commitments on the horizontal competition	The subsidiaries controlled by ChemChina, namely Anpon, HH, Maidao, Anhui Petrochemical and Heilong as well as their subsidiaries are in similar or the same business as ADAMA. For the horizontal competition in China, ChemChina commits to take appropriate actions to solve the horizontal competition between its subsidiaries and ADAMA step-by-step in an appropriate way within 4 years after completion of the reorganization, in accordance with securities laws, regulations and sector/industrial policies.	October 12, 2016	January 4, 2022	The commitments listed in the left column have been completed. The committed party complies with the commitments: (1) the reorganization, i.e. the issuance of shares to CNAC for

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			<p>The means by which ChemChina addresses the horizontal competition include but are not limited to the following,</p> <p>ADAMA acquires crop protection-related assets under ChemChina. ADAMA holds or controls other crop protection-related assets of ChemChina in line with national laws and by reasonable commercial means such as entrusted operation. ChemChina divests other crop protection-related assets or transfers the control power of such subsidiaries to external parties. ChemChina reorganizes internal assets, adjusts sector planning and business structure, upgrades technologies and products and makes market segmentation so that each company will differentiate its products and end users to eliminate horizontal competition between the subsidiaries controlled by ChemChina and ADAMA.</p>			<p>purchasing assets and implementation of private placement, completed on January 4, 2018; (2) Anpon merged with Maidao and ChemChina's shares in Anpon had been transferred to ADAMA; (3) ChemChina had transferred its shares in Heilong to a third party. Heilong is no longer a subsidiary of ChemChina; (4) HH withdrew from the agrochemical business;(5) CNAC, the wholly-owned subsidiary of ChemChina, signed an Entrusted Operation and Management Agreement as well as a Supplemental Agreement with the Company, and entrusted the</p>

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
						operation and management of Anhui Petrochemical Co., Ltd. to the Company.
	ChemChina	Commitments on Potential Horizontal Competition	ChemChina will take effective actions to avoid that it or its controlled subsidiaries will add new business in China same or similar to ADAMA. If ChemChina or its controlled subsidiaries will in the future be engaged in business in China that constitutes horizontal competition with ADAMA, ChemChina will take active actions, including but not limited to reorganizing internal assets, adjusting sector planning and business structure, upgrading technologies and products and making market segmentation so that each company will differentiate its products and end users to avoid and eliminate horizontal competition between the subsidiaries controlled by ChemChina and ADAMA.	October 12, 2016	Long term	On-going. The committed party complies with the commitments.
	ChemChina	Commitment to reduce and standardize related-party transactions	ChemChina will, as required by law, regulation and other specifications, avoid and reduce related party transactions with ADAMA; however, for the related party transactions that are inevitable or based on reasonable grounds, ChemChina will follow the just, fairness and open principles in market, legally enter into agreement(s) by law, go through lawful procedures, and perform its disclosure obligations and approving procedures as required by related systems and regulations. ChemChina warrants that no related party transaction will be done to impair lawful rights and interest of ADAMA and its	August 4, 2016	Long term	On-going. The committed party complies with the commitments.

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			shareholders.			
	ChemChina	Commitment to maintain independence of the ADAMA	After completion of the acquisition transaction, ADAMA will continue to keep complete procurement, production and sales systems and to possess independent intellectual properties, and ChemChina and its affiliated parties will be completely independent from ADAMA in terms of staff, assets, finance, business and organization, and ADAMA will have full capacity of operation in Chinese agricultural chemical market. ChemChina will follow related regulations in Company Law and Securities Law, and avoid engagement in any action that impairs the operating independence of ADAMA.	August 4, 2016	Long term	On-going. The committed party complies with the commitments.
Commitments made at IPO or refinancing	--	--	--	--	--	--
Share incentive commitments	--	--	--	--	--	--
Other commitments to the company's minority shareholders	Syngenta Group	Commitments on Horizontal Competition	I. Companies that are controlled by Syngenta Group and have horizontal competition with ADAMA After reviewing, as of the date of issuance of the commitment letter, there is a small amount of overlap in the field of off-patent crop protection products between SAG, a subsidiary of Syngenta Group, and the Company, and a small amount of overlap in the field of active ingredients and formulation products between Yangnong Chemical Co., Ltd. (hereinafter referred to as "YN Chemical") and the Company. In both cases, such small overlap is not causing a negative impact on any of the subject companies.	November 1, 2021	January 7, 2025	On-going. The committed party complies with the commitments.

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			<p>Except for the aforementioned scenarios, the major business of Syngenta Group and other companies controlled by Syngenta Group does not operate the same or similar business with the Company.</p> <p>II. Commitment and timetable to address the horizontal competitions mentioned above</p> <p>In accordance with and in compliance with the applicable laws, regulations and relevant regulatory requirements then in effectiveness, Syngenta Group will adopt appropriate measures to gradually solve the horizontal competitions among SAG, YN Chemical and the Company within 5 years after the issuance of Supplemental Commitment Letter of China National Chemical Corporation on Avoiding Horizontal Competition with ADAMA by ChemChina on January 7, 2020. The aforementioned solutions include but not limited to:</p> <p>(1) Asset restructuring: adopt different methods permitted by relevant laws, regulations and regulatory policies such as cash or issuance of shares to purchase assets, asset replacement, asset transfer or other feasible restructuring methods. Assets are sorted out and reorganized to eliminate the overlap of relevant businesses;</p> <p>(2) Adjust industry planning and business structure: sort out business boundaries, realize business differentiation through asset transactions, business divisions and other different methods, including but not limited to business composition, product grades,</p>			

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			<p>application areas, and customer groups. Syngenta Group will try its best to achieve differentiated business operations;</p> <p>(3) Technological transformation and product upgrade: achieve product differentiation through appropriate technological transformation and product upgrade, and Syngenta Group will try its best to achieve differentiated operations;</p> <p>(4) Market segmentation: signing agreements while taking into consideration of the business and other factors to appropriately divide the market;</p> <p>(5) Entrusted management: by signing an entrustment agreement, one party will delegate the decision-making and management involved in the operation of the overlapped assets to the other party for unified management;</p> <p>(6) Establish a joint venture company: jointly establish a company in an appropriate way;</p> <p>(7) Other feasible solutions within the scope permitted by relevant laws, regulations and regulatory policies. The implementation of the above-mentioned resolution is based on the implementation of the necessary review procedures for listed companies, the approval procedures of the securities regulatory authority and relevant authorities (including but not limited to the antitrust review that may be applicable) in accordance with relevant laws and regulations, and the information disclosure obligations should be fulfilled according to relevant laws and regulations.</p>			

Commitment	Commitment maker	Commitment type	Contents	Time of making commitment	Period of commitment	Fulfillment
			<p>III. Syngenta Group's commitment to potential horizontal competition with the Company in the future</p> <p>Syngenta Group will continue to take effective measures to prevent itself and its controlled companies from having new businesses that are the same or similar to the Company's domestic business in the future. If Syngenta Group or a company controlled by Syngenta Group develops related businesses that constitute horizontal competition with the Company's domestic business in the future, Syngenta Group will actively take relevant measures, including but not limited to asset restructuring, adjustment of industry planning and business structure, technological transformation and product upgrades, market segmentation or other feasible solutions to differentiate between products and end users of each company, so as to avoid and eliminate horizontal competition between Syngenta Group or the company controlled by the Syngenta Group and the Company.</p> <p>If Syngenta Group breaches the above undertakings, it will bear the corresponding legal liabilities in accordance with the relevant laws and regulations, including the Guidelines for the Supervision of Listed Companies No. 4 - Undertakings and Performance by Actual Controllers, Shareholders, Related Parties, Purchasers of Listed Companies and Listed Companies.</p> <p>The letter of commitment will take effect on the date</p>	November 1, 2021	continue to be valid during the period when Syngenta Group is the controlling shareholder of the Company	On-going. The committed party complies with the commitments.

Commitment	Commitment maker	Commitment type	Contents			Time of making commitment	Period of commitment	Fulfillment
			of signing and will continue to be valid during the period when Syngenta Group is the controlling shareholder of the Company.					
Other commitments	--	--	--	--	--	--		
Whether the commitments are fulfilled on time	Yes							
If the commitment is overdue, the specific reasons for not completing the performance and the next work plan should be explained in detail.	--							

2. Assets or projects with profit forecast, still relevant for forecast period

√Applicable □Not applicable

Unit: 10,000 RMB

Assets or Projects with Profit Forecast	Start of the Forecast	End of the Forecast	Estimated Performance for the Current Period	Actual Performance of the Current Period	Reasons for Falling Short of the Forecast (if applicable)	Original Forecast Disclosure Time	Original Forecast Disclosure Index
ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd.	January 1 st , 2021	December 31 st , 2023	2580	1090.7117	Please refer to "Fulfillment of Performance Commitments and Their Impact on Goodwill Impairment Testing" below	February 27 th , 2020	<i>Announcement on Signing the Supplemental Agreement to the Equity Purchase Agreement</i> (Announcement No. 2020-9) disclosed at http://www.cninfo.com.cn

Commitments made by the Company's shareholders and transaction counterparties in respect of operating results for the reporting period

√ Applicable □ Not Applicable

On 26 February 2020, the Company entered into the Supplemental Agreement to the Equity Purchase Agreement with Jiangsu Huifeng Bio-Agriculture Company Limited (hereinafter referred to as "Jiangsu Huifeng"), pursuant to which Jiangsu Huifeng undertook that in the full years of 2021, 2022 and 2023, the average annual contribution to the gross profit of ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd. (ADAMA Huifeng (Shanghai)) from the business of its held company Nongyi E-commerce (Beijing) Co., Ltd., and its subsidiaries (collectively as "Nongyi.Net" and "Nongyi.Net gross profit"), should be at least RMB 8.6 million (Nongyi.Net business benchmark). If the Nongyi.Net gross profit fails to reach the Nongyi.Net business benchmark, Jiangsu Huifeng should pay the price to the Company in accordance with the formula that the amount payable by Jiangsu Huifeng (the "Price Adjustment Payment") = (Nongyi.Net business benchmark – Nongyi.Net gross profit) x 13, and it shall also bear all taxes and expenses that the Company undertakes due to the price adjustment.

Fulfillment of Performance Commitments and their Impact on Goodwill Impairment Test

According to Deloitte's Special Report on Difference between Actual and Promised Gross Profits for Purchase of ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd (De Shi Bao (He) Zi (24) No. E00116), the total contribution by Nongyi.Net to the gross profit of ADAMA Huifeng (Shanghai) for the period from 2021 to 2023 totaled RMB 10,907,117, with an average annual gross profit of RMB 3,635,706.

The procurement volume of Nongyi.Net business from ADAMA Huifeng (Shanghai) during the performance forecast period fell short of the business benchmark, resulting in the gross profit of Nongyi.Net business not meeting Nongyi.Net business benchmark. The Company will resolve the above matters with the committed party in accordance with the Agreement.

The goodwill generated from the above acquisition was included in the goodwill allocated to the Crop Protection (Agro) unit of the Group for the purpose of goodwill impairment testing. The unfulfillment of the performance commitments has

already been considered in the future cash flows used in the goodwill impairment testing for the Argo unit. According to the result of the goodwill impairment testing, there was no need to provide for goodwill impairment.

For details please refer to Announcement on the Fulfillment of Performance Commitments Related to a Controlled Subsidiary (Announcement No. 2024-9) disclosed on www.cninfo.com.cn on March 27, 2024.

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

Applicable Not applicable

No such situation occurred during the Reporting Period.

iii. Non-compliance with external guarantees

Applicable Not applicable

No such cases during the reporting period.

iv. Explanation by the board of directors on the latest "non-standard audit report"

Applicable Not applicable

v. Explanation by the Board of Directors, the Supervisory Board and independent directors (if any) regarding "non-standard audit report" issued by Company's auditor for the Reporting Period

Applicable Not applicable

vi. Changes in accounting standards, accounting estimates or corrections of significant accounting errors compared to last financial report

Applicable Not applicable

On 30 December 2021, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 15" (hereinafter referred to as "Interpretation No. 15") which clarified the accounting treatments for the sale of the products or by-products produced before the assets being capable of operating in a predetermined manner or produced during the research and development process and clarified the costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

According to the Interpretation No.15, the above clarifications were effective from 1 January 2022. Adoption of the interpretations has no significant impact on the Group's financial statements.

On 30 November 2022, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 16" (hereinafter referred to as "Interpretation No. 16") which clarified the following accounting treatments:

(1) Deferred tax related to assets and liabilities arising from a single transaction;

- (2) The income tax treatment of the dividend paid as the issuer of an equity instrument; and
 (3) When an entity changes a cash-settled share-based payment to an equity-settled share-based payment.

According to the Interpretation No.16, the second and the third clarifications were effective from 30 November 2022. Adoption of the interpretations has no significant impact on the Group's financial statements.

VII. Change of the consolidation scope as compared with the financial reporting of last year

Applicable Not applicable

VIII. Engagement of Company's Auditor

Auditor engaged at present

Name of domestic Auditor	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration for domestic Auditor for the Reporting Period (RMB Ten Thousand Yuan)	315
Consecutive years of the audit services provided by domestic Auditor	7
Name of domestic accountants	Ji Yuting and Zhao Jingyuan
Consecutive years of the audit services provided by the domestic accountants	4
Name of overseas Auditor	Not applicable
Remuneration for overseas Auditor for the Reporting Period (RMB Ten Thousand Yuan)	--
Consecutive years of the audit services provided by overseas Auditor	--
Name of overseas accountants	--
Consecutive years of the audit services provided by the overseas accountants	--

Change of the Auditor at Reporting Period

Yes No

Engagement of the Auditor for internal control, financial adviser or sponsor

Applicable Not applicable

In the Reporting Period, the Company continued to engage Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor of the Company for 2023 annual financial reports and 2023 annual internal control of the Company. Total remuneration for the Auditor was RMB 3.15 million.

IX. Trading termination of Company's securities that the Company will face after the disclosure of this annual report

Applicable Not applicable

x. Bankruptcy and reorganization

Applicable Not applicable

No such cases in the Reporting Period.

xi. Material Legal Claims/proceedings

Applicable Not applicable

No such cases in the Reporting Period.

xii. Punishment and rectification

Applicable Not applicable

None during the Reporting Period.

xiii. Credibility of the Company, its controlling shareholders and actual controller

Applicable Not applicable

The Company's controlling shareholder and actual controller are in good credibility status. They are not in the situation that the effective judgment of the court was not executed and the large amount of debt was not repaid when due during the reporting period.

XIV. Significant related-party transactions

1. Related-party transactions in the ordinary course of business

√ Applicable □ Not applicable

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Syngenta AG and its subsidiaries	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	106,418	5.95%	144,486	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	40	0.00%	856	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Jiangsu Huaihe Chemicals Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products	Purchase of raw materials/products	Market price	Market price	19,917	1.11%	23,512	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
		from related parties											Course of Business in 2023 (No.2023-12)
Sinofert	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	791	0.04%	115	Yes	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Jiangsu Yangnong Chemical Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	105	0.01%	52,875	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Jiangsu Youjia Plant Protection Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	16,866	0.94%	29,561	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Hangzhou (Torch) Xidou	Under the same control	Purchasing raw	Purchase of raw	Market price	Market price	14	0.00%	14	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Door Film Industry Co., Ltd.	of Sinochem Holdings	materials and products from related parties	materials/products										Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Lantian Fluorine Materials Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	133	0.01%	288	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Zhonglan International Chemical Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	8,269	0.46%	25,300	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Agro Co.,Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	949	0.05%	8,090	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Jiangsu Youshi Chemical Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	611	0.03%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Bluestar Engineering Co.,Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	2,011	0.11%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
ELKEM SILICONES BRASIL LTDA	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	135	0.01%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Beijing Guangyuan Yinong Chemical Co., LTD	Under the same control of Sinochem Holdings	Purchasing raw materials and products from	Purchase of raw materials/products	Market price	Market price	15	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
		related parties											in 2023 (No.2023-12)
Syngenta (China) Investment Company Limited	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	3,583	0.20%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Shandong Dacheng Agrochemical Company Limited	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	311	0.02%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem International Crop Care Company Limited	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	2,602	0.15%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
China Bluestar Chengrand	Under the same control of Sinochem	Purchasing raw materials and	Purchase of raw materials/products	Market price	Market price	1	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Research Institute Chemical Industry	Holdings	products from related parties											in the Ordinary Course of Business in 2023 (No.2023-12)
Shenyang Sciencreat Chemicals Co. Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	445	0.02%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Shenyang Sinochem Agrochemicals R&D Co.,Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	6	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Liaocheng Luxi Methylamine Chemical Co. Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	81	0.01%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Liaocheng	Under the	Purchasing	Purchase of	Market	Market	1,350	0.08%	-	-	Cash	N/A	March	Announcement on

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Luxi Polyol New Material Technology Co. Ltd.	same control of Sinochem Holdings	raw materials and products from related parties	raw materials/products	price	price					Settlement		21,2023	Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Luxi Group Co.Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	1,044	0.06%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Ningxia Ruitai Technology Co. Ltd.	Under the same control of Sinochem Holdings	Purchasing raw materials and products from related parties	Purchase of raw materials/products	Market price	Market price	44	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Syngenta AG and its subsidiaries	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	111,261	3.40%	159,178	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Jiangsu Huaihe Chemicals Co., Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	21,197	0.65%	26,893	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinofert	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	11,987	0.37%	14,168	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sino MAP	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	1,048	0.03%	1,150	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Jiangsu Yangnong Chemical Co., Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related	Selling products	Market price	Market price	1	0.00%	6	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
		parties											in 2023 (No.2023-12)
Jiangsu Youshi Chemical Co., Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	6,410	0.20%	12,650	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Jiangsu Youjia Plant Protection Co., Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	113	0.00%	173	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Syngenta Nantong Crop Protection Co.,Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	328	0.01%	610	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem International Crop Care	Under the same control of Sinochem	Selling raw materials and	Selling products	Market price	Market price	1,802	0.06%	1,898	No	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Company Limited	Holdings	products to related parties											in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Agro Co.,Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	762	0.02%	230	Yes	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Syngenta (China) Investment Company Limited	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	2,906	0.09%	725	Yes	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Beijing Guangyuan Yinong Chemical Co., LTD	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	118	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Henan	Under the	Selling raw	Selling	Market	Market	4	0.00%	-	-	Cash	N/A	March	Announcement on

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Junhua Development Co. Ltd.	same control of Sinochem Holdings	materials and products to related parties	products	price	price					Settlement		21,2023	Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Shenyang Sciencreat Chemicals Co. Ltd.	Under the same control of Sinochem Holdings	Selling raw materials and products to related parties	Selling products	Market price	Market price	2	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Information Technology Co., Ltd	Under the same control of Sinochem Holdings	Receiving services from related parties	Value-added OA services	Market price	Market price	46	0.00%	40	Yes	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Information Technology Co., Ltd	Under the same control of Sinochem Holdings	Receiving services from related parties	IT services	Market price	Market price	38	0.00%	35	Yes	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Syngenta AG and its subsidiaries	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	370	0.02%	52	Yes	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sino MAP	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	-	-	-	-	40	No	-	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Bluestar (Beijing) Chemical Machinery Co., Ltd.	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	-	-	-	-	100	No	-	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Shenyang Chemical Co., Ltd.	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	43	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
													in 2023 (No.2023-12)
China Bluestar Chengrand Research Institute Chemical Industry	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	1	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Shenyang Shenhua Institute Testing Technology Co., Ltd.	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	32	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinofert	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	1	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Syngenta (China) Investment	Under the same control of Sinochem	Receiving services from	Regular services	Market price	Market price	45	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Company Limited	Holdings	related parties											in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Zhoushan Hazardous Chemicals Emergency Rescue Base Co. Ltd.	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	45	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Sinochem Chemical Science and Technology Research Institute Co., LTD	Under the same control of Sinochem Holdings	Receiving services from related parties	Regular services	Market price	Market price	4	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Zhonglan Lianhai Design Institute Co., Ltd.	Under the same control of Sinochem Holdings	Purchasing fixed assets from related parties	Purchase of fixed assets	Market price	Market price	93	0.01%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Bluestar	Under the	Purchasing	Purchase of	Market	Market	127	0.01%	-	-	Cash	N/A	March	Announcement on

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
Engineering Co.,Ltd.	same control of Sinochem Holdings	fixed assets from related parties	fixed assets	price	price					Settlement		21,2023	Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Syngenta AG and its subsidiaries	Under the same control of Sinochem Holdings	Purchasing fixed assets from related parties	Purchase of fixed assets	Market price	Market price	45	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Syngenta AG and its subsidiaries	Under the same control of Sinochem Holdings	Rendering services to related parties	Regular services	Market price	Market price	72	0.00%	-	-	Cash Settlement	N/A	March 21,2023	Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.2023-12)
Total				--	--	324,642	--	503,045	--	--	--	--	--
Details of large sales return				-									
Execution of related-party transactions in the ordinary course of business whose value was expected by types during this reporting period (if any)				According to the Company's daily business operation needs, the Company estimates that the total amount of daily related party transactions in 2023 will not exceed RMB 5,030.45 million. For details, please refer to Announcement on Expected Related-Party Transactions in the Ordinary Course of Business in 2023 (No.: 2023-12). The Company's actual amount of daily related party transactions defined in the listing rules incurred for the twelve months ended									

Related party	Relationship	Type of related party transaction	Content of related party transaction	Pricing principle of related party transaction	Price	Value (RMB '0000)	Percentage against transactions of the same kind	Approved transaction quota (RMB '0000)	Whether exceeds the approved quota	Settlement methods	Market price of similar transactions if the Company knows	Date of announcement	Index of the disclosure
				December 31, 2023 is RMB 3,246.42 million, which does not exceed the expected amount. The gap between the actual amount and the estimations of the related party transactions in the course of routine business in 2023 is due to the related impacts from the changing market conditions and the actual needs fluctuation of the Company.									
Reasons for large difference between transaction price and market reference price (if applicable)				The Company's related transactions with related party shall be carried out in accordance with the principle of voluntary, equality and mutual benefit, fair, and will not harm the interests of the Company.									

2. Related-party transactions arising from asset acquisition or sale

Applicable Not applicable

There were no related-party transactions arising from asset acquisition or sale in the Reporting Period.

3. Related-party transitions with joint investments

Applicable Not applicable

The Company was not involved in any significant related-party transaction with joint investments during the Reporting Period.

4. Credits and liabilities with related parties

Applicable Not applicable

Whether there was non-operating credit and liability with related parties

Yes No

The Company was not involved in any non-operating credit and liability with related parties.

5. Transactions with finance companies with related relationships

Applicable Not applicable

Deposit business

In RMB '0000

Related Parties	Relations	Maximum Daily Deposit Limit	Range of Interest Rate	Opening Balance	Transactions during the Reporting Period		Ending Balance
					Total Deposit Amount for the Reporting Period	Total Withdrawal Amount for the Reporting Period	
Sinochem Finance Co., Ltd	Under the same control of Sinochem Holdings	150,000	0.55%-1.9%	41,766	71,695	56,899	56,562

Loans

In RMB '0000

Related Parties	Relations	Size of the Loan	Range of Interest Rate	Opening Balance	Transactions during the Reporting Period		Ending Balance
					Total Loan Amount for the Reporting Period	Total Repayment Amount for the Reporting Period	
Sinochem Finance Co., Ltd	Under the same control of Sinochem Holdings	50,000	2.7%-3.0%	-	5,056	5,056	-

Facilities and Other Financial Services

In RMB '0000

Related Party	Relations	Type of the Services	Total Amount	Actual Amount Incurred
Sinochem Finance Co., Ltd	Under the same control of Sinochem Holdings	Facilities	80,000	50,000

6. Transactions between the finance company controlled by the Company and related parties

Applicable Not applicable

The company does not hold any equity interest in any finance company.

7. Other material related-party transactions

Applicable Not applicable

- (1) The 2022 Annual General Meeting approved the Proposal on Credit Facilities from the Related Party.
- (2) The 1st Interim Shareholders Meeting in 2023 approved the Proposal on Credit Facility from the Related Party.
- (3) The 29th Meeting of the 9th Session of the Board of Directors approved the Proposal on Signing of Supplemental Agreement to the Entrusted Operation and Management Agreement on Anhui Petro & Chemical

The website to disclose the interim announcements on significant related-party transactions:

Name of the interim announcement	Disclosure date of the interim announcement	Website to disclose the interim announcement
Announcement on Credit Facility of USD 250 million from a Related Party (Announcement No.2023-6)	February 16, 2023	Juchao website www.cninfo.com.cn
Announcement on Expected Related-Party Transactions in the	March 21, 2023	Juchao website www.cninfo.com.cn

Name of the interim announcement	Disclosure date of the interim announcement	Website to disclose the interim announcement
Ordinary Course of Business in 2022 (Announcement No.2023-12)		
Announcement on Credit Facility from the Related Party (Announcement No.2023-29)	August 31, 2023	Juchao website www.cninfo.com.cn
Announcement of the Resolutions of the 29 th Meeting of the 9th Session of the Board of Directors (Announcement No.2023-46)	December 30, 2023	Juchao website www.cninfo.com.cn

xv. Particulars regarding material contracts and execution thereof

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Not applicable

There was no trusteeship of the Company in the reporting period.

(2) Contract Operation

Applicable Not applicable

There was no contract operation of the Company in the reporting period.

(3) Lease

Applicable Not applicable

There is no major lease in the reporting period.

2. Significant guarantees

Applicable Not applicable

(1) Guarantees

Unless otherwise specified, the unit hereunder is RMB '0000

Guarantees provided by the Company in favor of third parties (excluding subsidiaries)

Guaranteed party	Disclosure date of the announcement	Planned guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Period of guarantee	expired or not	Guarantee for a related party or not
--	--	--	--	--	--	--	--	--	--	--

Total guarantee line approved in favor of third parties (excluding subsidiaries) during the reporting period (A1)	--	Total amount of the occurred guarantee in favor of third parties (excluding subsidiaries) during the reporting period (A2)	--
Aggregated guarantee line in favor of third parties (excluding subsidiaries) that has been approved by the end of the reporting period (A3)	5,000	Total guarantee balance in favor of third parties (excluding subsidiaries) by the end of the reporting period (A4)	--

Guarantees provided by the Company in favor of its subsidiaries

Guaranteed party	Disclosure date of the announcement	Planned guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Period of guarantee	expired or not	Guarantee for a related party or not
ADAMA Anpon (Jiangsu) Ltd.	December 22, 2020 April 29, 2021 October 28, 2021	125,800	December 1, 2021	3,600	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			December 1, 2021	200	Joint liability and several liability	--	--	Three years after the project loan matures	Yes	No
			December 1, 2021	200	Joint liability and several liability	--	--	Three years after the project loan matures	Yes	No
			January 1, 2022	3,500	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			February 28, 2022	2,100	Joint liability	--	--	Three years after	No	No

			and several liability			the project loan matures		
	April 28, 2022	1,400	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
	May 20, 2022	750	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
	June 26, 2022	2,350	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
	January 18, 2022	4,000	Joint liability and several liability	--	--	Three years after the loan matures	Yes	No
	January 25, 2022	400	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
	February 28, 2022	390	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
	July 2, 2022	810	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
	March 30, 2022	3,000	Joint liability and several	--	--	Three years after the loan matures	Yes	No

					liability					
			August 11, 2022	1,000	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			August 31, 2022	1,000	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			October 28, 2022	1,100	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			October 31, 2022	1,000	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
ADAMA Anpon (Jiangsu) Ltd.	March 31, 2022	104,100	November 17, 2022	2,000	Joint liability and several liability	--	--	Three years after the loan matures	No	No
			November 23, 2022	2,500	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			November 30, 2022	1,100	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			December 17, 2022	2,000	Joint liability and several liability	--	--	Three years after the loan matures	Yes	No

			January 12, 2023	1,000	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			January 16, 2023	1,000	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			April 4, 2023	1,200	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			April 4, 2023	1,400	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			April 13, 2023	200	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			April 13, 2023	240	Joint liability and several liability	--	--	Three years after the project loan matures	Yes	No
			April 26, 2023	200	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			October 17, 2023	300	Joint liability and several liability	--	--	Three years after the project loan matures	No	No
			October 17, 2023	500	Joint liability	--	--	Three years after	No	No

					and several liability			the loan matures		
ADAMA Anpon (Jiangsu) Ltd.	April 25, 2023	114,000	August 10, 2023	4,000	Joint liability and several liability	--	--	Three years after the loan matures	No	No

Total guarantee line approved in favor of the subsidiaries during the reporting period (B1)	114,000	Total amount of the occurred guarantee in favor of the subsidiaries during the reporting period (B2)	10,040
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Aggregated guarantee line that has been approved in favor of the subsidiaries by the end of the reporting period (B3)	343,900	Total guarantee balance in favor of the subsidiaries by the end of the reporting period (B4)	34,800
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Guarantees provided by subsidiaries in favor of subsidiaries (USD '0000)

Guaranteed party	Disclosure date of the announcement	Planned guarantee amount	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Period of guarantee	expired or not	Guarantee for a related party or not
Control Solutions, Inc.	October 31, 2018	1,300	October 30, 2018	0	joint and several liability	--	--	Generally 7 years (subject to the overseas laws)	No	No
Control Solutions, Inc.	January 10, 2019	4,000	January 9, 2019	250	joint and several liability	--	--	The loan term (5 years) and any applicable statute of limitations period (generally 7 years).	No	No

ADAMA Brazil	Not applicable	22,299.05	Related guarantees existed before the company was consolidated into the financial statements of the Company.	1,635.98	joint and several liability	--	--	Valid until cancelled	No	No
ADAMA Brazil	January 22, 2022	900	December 29, 2021	900	joint and several liability	--	--	December 31, 2025	No	No
Adama India Private Ltd.	Not applicable	8,870.91	Related guarantees existed before the company was consolidated into the financial statements of the Company.	4,589.20	joint and several liability	--	--	Valid until cancelled	No	No
ADAMA Turkey Tarım Sanayi ve Ticaret Limited Şirketi	Not applicable	7,150	Related guarantees existed before the company was consolidated into the financial statements of the Company.	615.62	joint and several liability	--	--	Valid until cancelled	No	No
Adama Makhteshim	Not applicable	unlimited	Related guarantees existed before the company was consolidated into the financial statements of	31,131.40	joint and several liability	--	--	Valid until cancelled	No	No

			the Company.							
Adama Makhteshim	April 25, 2023	7,875	May 3, 2023	7,500	joint and several liability	--	--	Valid until cancelled	No	No
Adama Agan	Not applicable	unlimited	Related guarantees existed before the company was consolidated into the financial statements of the Company.	22,584.10	joint and several liability	--	--	Valid until cancelled	No	No
ADAMA Agricultural Solutions UK Ltd.	January 22, 2022	417.87	January 22, 2022	33.84	joint and several liability	--	--	Valid until cancelled	No	No
ADAMA CELSIUS BV, Curacao branch, & ADAMA Fahrenheit BV, Curacao Branch	November 25, 2022	4,500	November 24, 2022	0	joint and several liability	--	--	Valid until cancelled	No	No
ADAMA CELSIUS BV, Curacao branch, & ADAMA Fahrenheit BV, Curacao Branch	January 22, 2022	7,000	January 22, 2022	2,307.38	joint and several liability	/	/	Valid until cancelled	No	No
ADAMA Ukraine LLC	Not applicable	3,000	Related guarantees	0	joint and several	--	--	Valid until cancelled	No	No

			existed before the company was consolidated into the financial statements of the Company.		liability					
ADAMA Ukraine LLC	October 10, 2023	773.92	October 28, 2023	157.97	joint and several liability	--	--	Valid until cancelled	No	No
Makhteshim Agan of North Amercia Inc.	Not applicable	4,000	Related guarantees existed before the company was consolidated into the financial statements of the Company.	200	joint and several liability	--	--	Valid until cancelled	No	No

Total guarantee line approved in favor of the subsidiaries during the reporting period (C1)

11,648.92 (approximately RMB 813.15million)

Total amount of the guarantee in favor of the subsidiaries occurred during the reporting period (C2)

71,905.49 (approximately RMB 5,092.85 million)

Aggregated guarantee line that has been approved in favor of the subsidiaries by the end of the reporting period (C3)

75,086.75 (approximately RMB 5,318.17million)

(As for Adama Makhteshim and Adama Agan, the planned guarantee amount is unlimited)

Total guarantee balance in favor of the subsidiaries by the end of the reporting period (C4)

71,905.49 (approximately RMB 5,092.85 million)

Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)

Total guarantee line approved during the reporting period (A1+B1+C1)

195,314.64

Total actual occurred amount of guarantee during the reporting period (A2+B2+C2)

519,325.01

Total guarantee line that has been approved at the end of the reporting period (A3+B3+C3)

880,716.92

Total actual guarantee balance at the end of the reporting period (A4+B4+C4)

544,085.01

Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company	24.82%
Of which:	
The balance of the guarantee provided in favor of the controlling shareholder and related party.	0
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)	USD 668.66 million (approximately RMB 4,735.94 million)
The amount of the guarantee that exceeds 50% of the net assets	0
Total amount of the above three guarantees (D+E+F)	USD 668.66 million (approximately RMB 4,735.94 million)
As for undue guarantee, liability to guarantee has happened or there is evidence showing that joint liquidated liability may be undertaken during this Reporting Period (if existing)	--
Regulated procedures are violated to offer guarantee (if existing)	--

3. Cash assets management entrustment

(1) Wealth management entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Entrustment loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Other significant contracts

Applicable Not applicable

No such cases in the Reporting Period.

xvi. Other significant events

Applicable Not applicable

There were no other significant events during the Reporting Period.

xvii. Significant events of subsidiaries

Applicable Not applicable

Section VII - Change in Shares & Shareholders

I. Changes in shares

1. Change in Shares

Unit: share

	Before the Change		Increase/Decrease (+/-)					After the Change	
	Amount	Proportion	Newly Issued share	Bonus Shares	Capitalization of Public reserves	Other	Subtotal	Amount	Proportion
I. Restricted shares	4,500	0.0002%	--	--	--	--	--	4,500	0.0002%
a) State-owned shares	--	--	--	--	--	--	--	--	--
b) State-owned legal person's shares	0	0.0000%	--	--	--	--	--	0	0.0000%
c) Shares held by domestic investors	4,500	0.0002%	--	--	--	--	--	4,500	0.0002%
i. Shares held by domestic legal person	0	0.0000%	--	--	--	--	--	0	0.0000%
ii. Shares held by domestic natural person	4,500	0.0002%	--	--	--	--	--	4,500	0.0002%
II. Shares not subject to trading moratorium	2,329,807,266	99.9998%	--	--	--	--	--	2,329,807,266	99.9998%
a) RMB ordinary shares	2,177,067,461	93.4439%	--	--	--	--	--	2,177,067,461	93.4439%
b) Domestically listed foreign shares	152,739,805	6.5559%	--	--	--	--	--	152,739,805	6.5559%
III. Total shares	2,329,811,766	100.00%	--	--	--	--	--	2,329,811,766	100.00%

Reason for the change in shares

Applicable Not applicable

Approval of the change in shares

Applicable Not applicable

The registered status for the change in shares

Applicable Not applicable

Effects of the change in shares on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and last period.

Applicable Not applicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

Applicable Not applicable

2. Changes in restricted shares

√ Applicable □ Not applicable

Unit: share

Shareholders	Restricted shares at the opening of the Reporting Period	Shares released in the Reporting Period	Restricted shares increased in the Reporting Period	Ending shares restricted	Restricted reasons	Date for released
Jiang Chenggang	4,500	0	0	4,500	Shares held by a supervisor should be locked up.	six months after the expiration of the term
Total	4,500	0	0	4,500	--	--

II. Issuance and listing of securities

1. Issuance of securities (excluding preferred stock) during the Reporting Period

Applicable Not applicable

2. Explanation on changes in share capital & the structure of shareholders, the structure of assets and liabilities

Applicable Not applicable

3. Shares held by internal staffs of the Company as a measure of the reform of State-Owned Enterprises

Applicable Not applicable

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholding

Total number of shareholders as of the end of the Reporting Period	41,388 (the number of ordinary A share shareholders is 28,656; the number of B share shareholders is 12,732)	Total number of shareholders on the 30th trading day before the disclosure date of the annual report	41,393	Total number of preferred stockholder with vote right restored (if any)	0	Total number of preferred stockholder with vote right restored on the 30th trading day before the disclosure date of the annual report	0
	Unit: share						

Shareholding of shareholders holding more than 5% shares (not including Shares Lent for the Relending Financing)

Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the Reporting Period	Increase and decrease of shares during Reporting Period	Number of shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Amount
Syngenta Group Co., Ltd.	State-owned legal person	78.47%	1,828,137,961	--	--	1,828,137,961	--	--
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.34%	31,115,916	--	--	31,115,916	--	--
Bosera Funds-China Merchants Bank- Bosera Funds Xincheng No.2 Collective Asset Management Plan	Others	0.28%	6,500,000	--	--	6,500,000	--	--
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas legal person	0.27%	6,374,253	-4,231,827	-	6,374,253	-	-
Wu Feng	Domestic Individual	0.27%	6,190,669	710,754	-	6,190,669	-	-

Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.3 Collective Asset Management Plan	Others	0.26%	6,000,000	--	--	6,000,000	--	--
Zhu Shenglan	Domestic Individual	0.25%	5,756,000	1,766,000	-	5,756,000	-	-
China Universal Fund-Industrial Bank-China Universal-Strategic Enhancement No.3 Collective Asset Management Plan	Others	0.19%	4,400,000	-	--	4,400,000	--	--
Qichun County State-owned Assets Operation Center	State-owned legal person	0.18%	4,169,266	-	-	4,169,266	-	-
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.4 Collective Asset Management Plan	Others	0.17%	4,000,000	-	-	4,000,000	-	-
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any)	Not applicable							
Explanation on associated relationship or/and persons	Syngenta Group Co., Ltd. is not related party or acting-in-concert party as prescribed in the Administrative Methods for Acquisition of Listed Companies to other shareholders. It is unknown to the Company whether shareholders above are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.							
Description of the above shareholders involved in proxy/trustee voting rights and abstention from voting rights	Not applicable							
Special note on the existence of	Not applicable							

dedicated accounts for repurchase among the top 10 shareholders (if any)

Details of shares held by top 10 shareholders not subject to trading moratorium

Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share	
		Type of share	Amount
Syngenta Group Co., Ltd.	1,828,137,961	RMB ordinary share	1,828,137,961
China Cinda Asset Management Co., Ltd.	31,115,916	RMB ordinary share	31,115,916
Bosera Funds-China Merchants Bank- Bosera Funds Xincheng No.2 Collective Asset Management Plan	6,500,000	RMB ordinary share	6,500,000
Hong Kong Securities Clearing Company Ltd. (HKSCC)	6,374,253	RMB ordinary share	6,374,253
Wu Feng	6,190,669	RMB ordinary share	6,190,669
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.3 Collective Asset Management Plan	6,000,000	RMB ordinary share	6,000,000
Zhu Shenglan	5,756,000	RMB ordinary share	5,756,000
China Universal Fund-Industrial Bank-China Universal-Strategic Enhancement No.3 Collective Asset Management Plan	4,400,000	RMB ordinary share	4,400,000
Qichun County State-owned Assets Operation Center	4,169,266	RMB ordinary share	4,169,266
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.4 Collective Asset Management Plan	4,000,000	RMB ordinary share	4,000,000

Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert

Syngenta Group Co., Ltd. is not a related party or acting-in-concert party as prescribed in the Administrative Methods for Acquisition of Listed Companies to other shareholders. It is unknown to the Company whether shareholders above are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.

Particular about shareholder participate in the securities lending and borrowing business (if any)

Shareholder Wu Feng held 4,809,943 shares of the Company through a common securities account and 1,380,726 shares of the Company through a credit collateral securities trading account, altogether 6,190,669 shares. Shareholder Zhu Shenglan held 5,756,000 shares of the Company through a credit collateral securities trading account.

Involvement of Top 10 Shareholders in Lending of Shares in the Relending Financing of Funds and Securities

Applicable Not Applicable

Change of the Top 10 Shareholders from the Previous Reporting Period

Applicable Not Applicable

Change of the Top 10 Shareholders from the Previous Reporting Period

Full Name of the Shareholder	Addition or Withdrawal Shares during the Reporting Period	Shares Lent for the Relending Financing at the Ending Period and Amount not yet Returned		Shares in General Shareholders' Accounts, Credit Accounts and Lent for the Relending Financing at the Ending Period and Amount not yet Returned	
		Total	Proportion of the Total Equity	Total	Proportion of the Total Equity
Zhu Shenglan	Addition	0	0	5,756,000	0.25%
Qichun County State-owned Assets Operation Center	Addition	0	0	4,169,266	0.18%
Bosera Funds-Postal Savings Bank- Bosera Funds Xincheng No.4 Collective Asset Management Plan	Addition	0	0	4,000,000	0.17%
Wang Xiuqin	Withdrawal	0	0	3,181,579	0.14%
Portfolio No.503 of National Social Security Fund	Withdrawal	0	0	0	0
CITIC Securities - Huarong Ruitong Equity Investment Management Co., Ltd. - CITIC Securities - Changfeng Single Asset Management Plan	Withdrawal	0	0	0	0

Did any top 10 common shareholders or the top 10 common shareholders not subject to trading moratorium of the Company carry out an agreed buy-back in the Reporting Period?

Yes No

The top 10 common shareholders or the top 10 common shareholders of the Company were not subject to trading moratorium of the Company carry out an agreed buy-back in the reporting period.

2. Particulars about the controlling shareholder

Nature of controlling shareholder: The central state-owned

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
Syngenta Group Co., Ltd.	Li Fanrong	June 27, 2019	91310000MA1FL6MN13	General projects: agricultural scientific research and experimental development; Engineering and technical research and experimental development; Natural science research and experimental development; Research and development of biopesticide technology; Smart Agriculture Management; Agricultural specialty and auxiliary activities; Information technology consulting services; Technical services, technical development, technical consultation, technical exchange, technology transfer and technology promotion; Research and development of biochemical product technology; Sales of chemical products (excluding licensed chemical products); Fertilizer sales; General cargo warehousing services (excluding hazardous chemicals and other items requiring license); Low temperature storage (excluding hazardous chemicals and other items requiring license); Socio economic advisory services; Import and export of goods; Technology import and export, Crop seed business (limited to packed seeds without further repackaging; seed production for non-major crops. (except for the projects that must be approved according to law, business activities shall be carried out independently and legally according to the business license). Licensed projects: seed production of main crops; Crop seed business; Genetically modified crop seed production, agro-chemical production, agro-chemical wholesale, crop seed import and export. (for projects that must be approved according to law, business activities shall be carried out only with the approval of relevant departments. The specific business projects shall be subject to the approval documents or licenses of relevant departments).
Shares held by the controlling shareholder in other listed companies by holding or shareholding during the			By the end of the Reporting Period, Syngenta Group directly holds 35.86% equity of Jiangsu Yangnong Chemical Co., Ltd., and indirectly holds 52.65% equity of SinoFert Holdings Limited through Syngenta Group (HK) Holdings	

Reporting Period	Company Limited and 20.51% equity of Win-All High-tech Seed Co., Ltd. through China National Seed Group Co., Ltd.
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Change of the controlling shareholder during the Reporting Period

Applicable Not applicable

The controlling shareholder did not change during the Reporting Period.

3. Particulars regarding actual controller and the persons acting in concert

Nature of actual controller: State-owned Assets Supervision and Administration Commission

Type of actual controller: Legal person

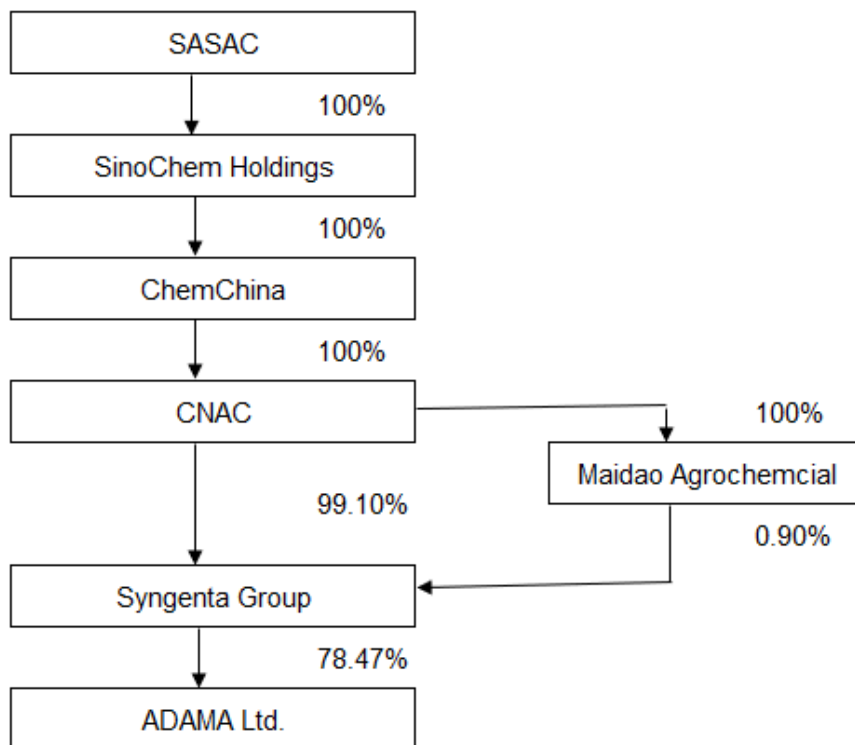
Name of the actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope
State-owned Assets Supervision and Administration Commission of the State Council	Zhang Yuzhuo	March 16, 2003	-	-
Shares held by the actual controller in other listed companies by holding or shareholding during the reporting period	Not applicable			

Change of the actual controller during the Reporting Period

Applicable Not applicable

The actual controller did not change during the Reporting Period.

Block diagram of equity and control relationship between the Company and actual controller:



The actual controller controls the Company via trust or other ways of asset management

Applicable Not applicable

4. The controlling shareholder or the largest shareholder of the Company and its concert parties have pledged 80% of their shares in the Company

Applicable Not applicable

5. Particulars regarding other corporate shareholders with over 10% holdings

Applicable Not applicable

6. Particulars regarding restriction of reducing holding-shares of controlling shareholders, actual controller, restructuring parties and other commitment entities

Applicable Not applicable

IV. Specific implementation of share repurchases during the reporting period

Progress of share repurchase

Applicable Not applicable

Status of reducing holding of repurchased shares in the way of centralized bidding

Applicable Not applicable

Section VIII - Preferred stock

Applicable Not applicable

There was no preferred stock during Reporting Period.

Section IX - Corporate Bonds

Applicable Not applicable

Section X - Financial Report

Type of auditor's opinion	Standard Unqualified Opinion
Audit opinion signoff date	March 25, 2024
Name of the auditor	Deloitte Touche Tohmatsu CPA LLP
Reference number of the audit report	De Shi Bao (Shen) Zi (24) No. P02683
Name of CPA	Ji Yuting and Zhao Jingyuan

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (24) No.P02683

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To the shareholders of ADAMA Ltd.:

I. Opinion

We have audited the financial statements of ADAMA Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2023, and the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in shareholders' equity and the consolidated and the Company's statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as of 31 December 2023, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The followings are key audit matters that we have determined to communicate in the auditor's report.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (24) No.P02683

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III. Key Audit Matters - continued**(I) Cut-off of revenue recognition**

Description

ADAMA's sale revenue is mainly contributed by the sales of goods in over 100 countries all over the world. As stated in Note (V), 42 operating income, ADAMA's consolidated principal activities revenue for 2023 was RMB 32,779,456,000, which was significant to the financial statements. As stated in Note (III), 26, ADAMA recognizes revenue when the customer obtains control over relevant commodities, and the Company has a risk of overstating the revenue by late cutoffs. Therefore, we considered the appropriateness of cutoffs and correctness of accounting periods for principal activities revenue recognition as a key audit matter.

Audit response

Our procedures in relation to this matter mainly include:

1. Testing and assessing the design, implementation and operating effectiveness of internal controls relating to the cut-off of principal activities revenue recognition;
2. Reviewing the contracts with key customers for the terms and conditions relating to the transfer of controls of goods and services, and assessing whether the timing of principal activities revenue recognition complies with the Accounting Standards for Business Enterprises;
3. Performing cut-off test by selecting samples from sales of goods recorded in the current year, checking the supporting documents such as sales invoices and inventory transfer documents, and checking whether the income is recorded in the correct accounting period;
4. Performing analytic procedures and comparing whether there is abnormal fluctuation in the sales of the major sales regions in the current period and the previous period, and analyzing whether there is any abnormality in the sales return of the products.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (24) No.P02683

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III. Key Audit Matters - continued**(II) Provision for Impairment of Goodwill on Crop Protection Units**

Description

As stated in Note (V), 18, the carrying amount of goodwill was RMB5,001,538,000 as of 31 December 2023, out of which RMB4,931,000,000 was allocated to Crop Protection unit. As disclosed in Note III, 20 and 21, ADAMA's goodwill arising from business combination is measured at the cost less the accumulated impairment loss after initial recognition, and should be entitled to impairment test at least at the end of each year. When performing impairment test of Crop Protection unit with goodwill allocated, the management determined the recoverable amount of relevant assets group of units based on the model of present value determined on future cash flows, which depend on the judgement of the management, it requires the management to estimate the cash flows from relevant assets group of units and select an appropriate discount rate that reflects the time value of money in the current market and the specific risk of the assets. As significant accounting estimates and judgments are involved and the goodwill allocated to Crop Protection unit is significant in amount, we considered the provision for impairment of goodwill on Crop Protection unit as a key audit matter.

Audit response

Our procedures in relation to this matter mainly include:

1. Testing and assessing the design, implementation and operating effectiveness of internal controls relating to the provision for impairment of goodwill on Crop Protection unit;
2. Checking the basis on which the management allocated goodwill to Crop Protection unit and assessing the reasonableness;
3. Compare the key assumptions used in estimating future cash flows with ADAMA's historical data, approved financial budgets and operating plans, and evaluate the reasonableness of the key assumptions used by management in preparing future cash flows, including expected revenue growth rate and gross profit margin;
4. Analyzing and reviewing the significant accounting estimates and judgments used in estimation of future cash flows, including the key parameters such as discount rate and growth rate, etc., with assistance from internal valuation specialist;
5. Checking the expected future cash flows to historical data and other supporting evidence, and assess the reasonableness;
6. Performing sensitivity analysis on possible changes in relevant key assumptions in impairment test models.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (24) No.P02683
(Page 4 of 6)

IV. Other Information

Management of the Company is responsible for the other information. The other information comprises the information included in the 2023 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (24) No.P02683

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VI. Auditor's Responsibilities for the Audit of the Financial Statements - continued

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- (4) Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (24) No.P02683

(Page 6 of 6)

VI. Auditor's Responsibilities for the Audit of the Financial Statements - continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu CPA LLP

Chinese Certified Public Accountant

Shanghai China

Ji Yuting
(Engagement Partner)Chinese Certified Public Accountant
Zhao Jingyuan

25 March 2024

This independent auditor's report of the financial statements and the accompanying financial statements are English translations of the independent auditor's report and the financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the balance sheet and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails

(Expressed in RMB '000)

Consolidated Balance Sheet

	Notes	December 31 2023	December 31 2022
Current assets			
Cash at bank and on hand	V.1	4,881,328	4,290,961
Financial assets held for trading	V.2	1,912	1,685
Derivative financial assets	V.3	850,137	233,809
Bills receivable	V.4	86,303	112,297
Accounts receivable	V.5	8,146,677	9,018,375
Receivables financing	V.6	123,050	63,639
Prepayments	V.7	305,883	341,102
Other receivables	V.8	1,054,302	1,021,824
Inventories	V.9	13,088,757	16,927,241
Other current assets	V.10	1,083,714	1,129,688
Total current assets		29,622,063	33,140,621
Non-current assets			
Long-term receivables	V.11	68,752	82,510
Long-term equity investments	V.12	31,474	26,368
Other equity investments	V.13	132,018	158,341
Investment properties		22,145	3,168
Fixed assets	V.14	10,040,113	8,952,184
Construction in progress	V.15	2,507,328	2,961,401
Right-of-use assets	V.16	625,235	555,889
Intangible assets	V.17	5,318,281	5,342,754
Goodwill	V.18	5,001,538	4,805,157
Deferred tax assets	V.19	1,601,641	1,347,263
Other non-current assets	V.20	435,215	604,833
Total non-current assets		25,783,740	24,839,868
Total assets		55,405,803	57,980,489

(Expressed in RMB '000)

Consolidated Balance Sheet (continued)

	Notes	December 31 2023	December 31 2022
Current liabilities			
Short-term loans	V.21	5,733,522	3,342,921
Derivative financial liabilities	V.22	607,787	545,516
Bills payable	V.23	613,507	1,114,775
Accounts payable	V.24	4,649,733	7,527,269
Contract liabilities	V.25	1,514,365	1,776,573
Employee benefits payable	V.26	847,039	1,370,786
Taxes payable	V.27	407,230	459,574
Other payables	V.28	1,469,319	1,611,282
Non-current liabilities due within one year	V.29	2,297,888	2,262,131
Other current liabilities	V.30	753,827	703,794
Total current liabilities		<u>18,894,217</u>	<u>20,714,621</u>
Non-current liabilities			
Long-term loans	V.31	2,885,939	3,662,870
Debentures payable	V.32	6,919,423	7,353,511
Lease liabilities	V.33	495,459	431,076
Long-term payables		97,840	107,686
Long-term employee benefits payable	V.34	671,530	792,153
Provisions	V.35	299,251	222,181
Deferred tax liabilities	V.19	297,103	315,861
Other non-current liabilities	V.36	2,920,566	1,255,875
Total non-current liabilities		<u>14,587,111</u>	<u>14,141,213</u>
Total liabilities		<u>33,481,328</u>	<u>34,855,834</u>
Shareholders' equity			
Share capital	V.37	2,329,812	2,329,812
Capital reserve	V.38	12,950,464	12,986,333
Less: Treasury shares		-	-
Other comprehensive income	V.39	1,675,896	1,080,590
Special reserves		16,595	15,818
Surplus reserve	V.40	273,617	242,498
Retained earnings	V.41	4,678,091	6,469,604
Total equity attributed to the shareholders of the company		<u>21,924,475</u>	<u>23,124,655</u>
Non-controlling interests		<u>-</u>	<u>-</u>
Total Equity		<u>21,924,475</u>	<u>23,124,655</u>
Total liabilities and equity		<u>55,405,803</u>	<u>57,980,489</u>

Steve Hawkins
Legal representative

Efrat Nagar
Chief Financial Officer

These financial statements were approved by the Board of Directors of the Company on March 25 2024.

The notes form part of these financial statements.

(Expressed in RMB '000)

Company's Balance Sheet

	Notes	December 31 2023	December 31 2022
Current assets			
Cash at bank and on hand	XV.1	163,646	271,080
Accounts receivable	XV.2	1,141,839	758,462
Receivables financing	XV.3	7,929	2,596
Prepayments		10,233	7,944
Other receivables	XV.4	11,611	11,611
Inventories		218,984	256,001
Non-current assets due within one year		125,000	125,000
Other current assets		7,574	2,312
Total current assets		1,686,816	1,435,006
Non-current assets			
Long-term equity investments	XV.5	17,430,716	17,511,352
Other equity investments		54,299	84,720
Investment properties		2,619	3,168
Fixed assets		1,711,062	1,822,134
Construction in progress		56,791	90,074
Right-of-use assets		1,877	2,842
Intangible assets		249,236	258,997
Deferred tax assets		80,241	75,383
Other non-current assets		273,783	269,574
Total non-current assets		19,860,624	20,118,244
Total assets		21,547,440	21,553,250
Current liabilities			
Short-term loans		100,000	50,000
Bills payables		64,588	42,451
Accounts payables		150,265	205,767
Contract liabilities		12,190	15,116
Employee benefits payable		12,091	14,699
Taxes payable		4,852	3,529
Other payables		619,857	730,901
Non-current liabilities due within one year		537,820	671,454
Total current liabilities		1,501,663	1,733,917
Non-current liabilities			
Long-term loans		949,017	836,795
Lease liabilities		885	701
Long-term employee benefits payable		101,628	97,574
Provisions		26,116	28,516
Other non-current liabilities		269,500	374,360
Total non-current liabilities		1,347,146	1,337,946
Total liabilities		2,848,809	3,071,863
Shareholders' equity			
Share capital	V.37	2,329,812	2,329,812
Capital reserve		15,523,881	15,523,881
Other comprehensive income		(1,002)	30,822
Special reserves		17,286	16,509
Surplus reserve	V.40	273,617	242,498
Retained earnings		555,037	337,865
Total shareholders' equity		18,698,631	18,481,387
Total liabilities and shareholders' equity		21,547,440	21,553,250

Consolidated Income Statement

	Notes	Year ended December 31	
		2023	2022
I. Operating income	V.42	32,779,456	37,381,915
Less:			
Cost of sales	V.42	25,984,108	27,984,966
Taxes and surcharges	V.43	109,010	110,414
Selling and Distribution expenses	V.44	4,208,108	4,396,279
General and administrative expenses	V.45	1,057,410	1,406,828
Research and Development expenses	V.46	482,754	577,859
Financial expenses (incomes)	V.47	1,183,118	325,796
Including: Interest expense		1,144,515	777,827
Interest income		368,990	180,619
Add:			
Investment income, net	V.48	19,078	12,683
Including: Income from investment			
in associates and joint ventures		6,336	10,358
Loss from changes in fair value	V.49	(650,374)	(1,504,832)
Credit impairment losses	V.50	(54,453)	(91,667)
Asset impairment losses	V.51	(549,893)	(325,386)
Gain from disposal of assets	V.52	19,679	59,596
II. Operating profit		(1,461,015)	730,167
Add:			
Non-operating income		110,046	58,395
Less:			
Non-operating expenses		53,941	31,729
III. Total profit (loss)		(1,404,910)	756,833
Less: Income tax expenses (income)	V.53	200,977	147,442
IV. Net profit (loss)		(1,605,887)	609,391
(1). Classified by nature of operations		(1,605,887)	609,391
(1.1). Continuing operations			
(2). Classified by ownership		(1,605,887)	609,391
(2.1). Shareholders of the Company			
(2.2). Non-controlling interests			
V. Other comprehensive income, net of tax	V. 39	595,306	1,512,974
Other comprehensive income (net of tax)			
attributable to shareholders of the Company		595,306	1,512,974
(1) Items that will not be reclassified to profit or loss:		(18,425)	82,699
(1.1) Re-measurement of defined benefit plan liability		7,432	82,699
(1.2) Fair Value changes in other equity investment		(25,857)	-
(2) Items that were or will be reclassified to profit or loss		613,731	1,430,275
(2.1) Effective portion of gains or loss of cash flow hedge		39,730	(73,324)
(2.2) Translation differences of foreign financial statements		574,001	1,503,599
VI. Total comprehensive income for the period attributable to Shareholders of the Company		(1,010,581)	2,122,365
Total comprehensive income for the period		(1,010,581)	2,122,365
attributable to shareholders of the Company			
Total comprehensive income for the period			
attributable to Non-controlling interests			-
VII. Earnings per share	XIV.2		
(1) Basic earnings (loss) per share (Yuan/share)		(0.69)	0.26
(2) Diluted earnings per share (Yuan/share)		N/A	N/A

Company's Income Statement

	Notes	Year ended December 31	
		2023	2022
I. Operating income	XV.6	2,008,574	2,297,898
Less: Operating costs	XV.6	1,678,097	1,777,065
Taxes and surcharges		9,819	8,058
Selling and Distribution expenses		8,621	4,959
General and administrative expenses		125,154	151,840
Research and Development expenses		19,226	74,944
Financial expenses		35,061	45,748
Including: Interest expense		48,234	51,463
Interest income		8,584	8,605
Add: Investment income, net		29,818	13,811
Gain from changes in fair value (“-” means loss)		230,135	(314,670)
Credit impairment reversal (losses)		655	(48)
Asset Impairment reversal (losses)		(91,574)	2,816
Gain from disposal of assets		17	60,292
II. Operating Profit		301,647	(2,515)
Add: Non-operating income		10,800	13,749
Less: Non-operating expenses		1,546	2,595
III. Total profit		310,901	8,639
Less: Income tax expense (income)		(295)	(14,715)
IV. Net profit (loss)		311,196	23,354
V. Other comprehensive income, net of tax		(31,824)	154
(1) Items that will not be reclassified to profit or loss		(31,824)	154
(1.1) Re-measurement of defined benefit plan liability		(5,967)	154
(1.2) FV changes in other equity investment		(25,857)	-
VI. Total comprehensive income (loss) for the period		279,372	23,508

Consolidated Cash Flow Statement

	Notes	Year ended December 31	
		2023	2022
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		32,508,956	35,470,804
Refund of taxes and surcharges		153,866	300,092
Cash received relating to other operating activities	V.56(1)	690,681	804,577
Sub-total of cash inflows from operating activities		<u>33,353,503</u>	<u>36,575,473</u>
Cash paid for goods and services		22,723,297	27,540,166
Cash paid to and on behalf of employees		4,425,057	4,087,028
Payments of taxes and surcharges		578,482	871,493
Cash paid relating to other operating activities	V.56(2)	3,008,790	3,136,041
Sub-total of cash outflows from operating activities		<u>30,735,626</u>	<u>35,634,728</u>
Net cash flows from operating activities	V.57(1)a	<u>2,617,877</u>	<u>940,745</u>
II. Cash flows from investing activities:			
Cash received from disposal of investments		173,990	46,366
Cash received from returns of investments		4,637	3,162
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		39,701	84,885
Cash received relating to other investing activities	V.56(3)	37,984	2,325
Sub-total of cash inflows from investing activities		<u>256,312</u>	<u>136,738</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		2,369,778	2,667,236
Cash paid for acquisition of investments		2,843	-
Net cash paid to acquire subsidiaries or other business units		148,460	-
Cash paid relating to other investing activities	V.56(4)	123,484	129,944
Sub-total of cash outflows from investing activities		<u>2,644,565</u>	<u>2,797,180</u>
Net cash flows used in investing activities		<u>(2,388,253)</u>	<u>(2,660,442)</u>
III. Cash flows from financing activities:			
Cash received from borrowings		3,636,887	3,782,897
Cash received from other financing activities	V.56(5)	3,490,995	849,736
Sub-total of cash inflows from financing activities		<u>7,127,882</u>	<u>4,632,633</u>
Cash repayments of borrowings		4,175,881	2,330,610
Cash payment for dividends, profit distributions and interest		1,306,996	951,221
Including: Dividends paid to non-controlling interest		91,602	59,278
Cash paid relating to other financing activities	V.56(6)	1,270,723	1,406,592
Sub-total of cash outflows from financing activities		<u>6,753,600</u>	<u>4,688,423</u>
Net cash flow provided by (used in) financing activities		<u>374,282</u>	<u>(55,790)</u>
IV. Effects of foreign exchange rate changes on cash and cash equivalents		28,199	241,260
V. Net increase (decrease) in cash and cash equivalents	V.57(1)b	632,105	(1,534,227)
Add: Cash and cash equivalents at the beginning of the year		4,225,253	5,759,480
VI. Cash and cash equivalents at the end of the period	V.57(2)	<u>4,857,358</u>	<u>4,225,253</u>

Company's Cash Flow Statement

	Notes	Year ended December 31	
		2023	2022
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		1,276,375	1,447,293
Refund of taxes and surcharges		42,472	78,753
Cash received relating to other operating activities	XV.7(1)	39,163	114,271
Sub-total of cash inflows from operating activities		<u>1,358,010</u>	<u>1,640,317</u>
Cash paid for goods and services		1,026,140	1,230,277
Cash paid to and on behalf of employees		124,860	135,760
Payments of taxes and surcharges		12,084	8,242
Cash paid relating to other operating activities	XV.7(2)	156,722	124,903
Sub-total of cash outflows from operating activities		<u>1,319,806</u>	<u>1,499,182</u>
Net cash flows from operating activities	XV.8	<u>38,204</u>	<u>141,135</u>
II. Cash flows from investing activities:			
Cash received from returns of investments		29,818	13,811
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		17	67,065
Cash received relating to other investing activities	XV.7.(3)	131,042	150,000
Sub-total of cash inflows from investing activities		<u>160,877</u>	<u>230,876</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		99,826	85,707
Cash paid for other investing activities	XV.7.(4)	125,000	250,000
Sub-total of cash outflows from investing activities		<u>224,826</u>	<u>335,707</u>
Net cash flows used in investing activities		<u>(63,949)</u>	<u>(104,831)</u>
III. Cash flows from financing activities:			
Cash received from borrowings		760,000	650,000
Cash received relating to other financing activities	XV.7.(5)	15,960	24,865
Sub-total of cash inflows from financing activities		<u>775,960</u>	<u>674,865</u>
Cash repayments of borrowings		730,046	610,046
Cash payment for dividends, profit distributions or interest		112,199	71,290
Cash paid relating to other financing activities	XV.7.(6)	10,297	31,491
Sub-total of cash outflows from financing activities		<u>852,542</u>	<u>712,827</u>
Net cash flow provided by (used in) financing activities		<u>(76,582)</u>	<u>(37,962)</u>
IV. Effects of foreign exchange rate changes on cash and cash equivalents		1,183	554
V. Net decrease in cash and cash equivalents		(101,144)	(1,104)
Add: Cash and cash equivalents at the beginning of the year	XV.8(2)	258,330	259,434
VI. Cash and cash equivalents at the end of the period	XV.8(2)	<u>157,186</u>	<u>258,330</u>

Consolidated Statement of Changes in Shareholders' Equity**For the year ended December 31, 2023**

	Share capital	Capital reserve	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total equity
I. Balance at January 1, 2023	2,329,812	12,986,333	1,080,590	15,818	242,498	6,469,604	23,124,655	-	23,124,655
II. Changes in equity for the period	-	(35,869)	595,306	777	31,119	(1,791,513)	(1,200,180)	-	(1,200,180)
1. Total comprehensive income (loss)	-	-	595,306	-	-	(1,605,887)	(1,010,581)	-	(1,010,581)
2. Owner's contributions and reduction	-	(35,869)	-	-	-	-	(35,869)	-	(35,869)
2.1 Transactions with holders of non controlling interest	-	(35,869)	-	-	-	-	(35,869)	-	(35,869)
3. Appropriation of profits	-	-	-	-	31,119	(185,626)	(154,507)	-	(154,507)
3.1 Transfer to surplus reserve	-	-	-	-	31,119	(31,119)	-	-	-
3.2 Distribution to owners	-	-	-	-	-	(62,905)	(62,905)	-	(62,905)
3.3 Distribution to non-controlling interest	-	-	-	-	-	(91,602)	(91,602)	-	(91,602)
4. Special reserve	-	-	-	777	-	-	777	-	777
4.1 Transfer to special reserve	-	-	-	10,021	-	-	10,021	-	10,021
4.2 Amount utilized	-	-	-	(9,244)	-	-	(9,244)	-	(9,244)
III. Balance at December 31, 2023	<u>2,329,812</u>	<u>12,950,464</u>	<u>1,675,896</u>	<u>16,595</u>	<u>273,617</u>	<u>4,678,091</u>	<u>21,924,475</u>	-	<u>21,924,475</u>

Statement of Changes in Shareholders' Equity**For the year ended December 31, 2022**

	Share capital	Capital reserve	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total equity
I. Balance at January 1, 2022	2,329,812	12,977,171	(432,384)	19,857	240,162	5,940,465	21,075,083	-	21,075,083
II. Changes in equity for the period	-	9,162	1,512,974	(4,039)	2,336	529,139	2,049,572	-	2,049,572
1. Total comprehensive income	-	-	1,512,974	-	-	609,391	2,122,365	-	2,122,365
2. Owner's contributions and reduction	-	9,162	-	-	-	-	9,162	-	9,162
2.1 Transactions with holders of non controlling interest	-	9,162	-	-	-	-	9,162	-	9,162
3. Appropriation of profits	-	-	-	-	2,336	(80,252)	(77,916)	-	(77,916)
3.1 Transfer to surplus reserve	-	-	-	-	2,336	(2,336)	-	-	-
3.2 Distribution to owners	-	-	-	-	-	(18,638)	(18,638)	-	(18,638)
3.3 Distribution to non-controlling interest	-	-	-	-	-	(59,278)	(59,278)	-	(59,278)
4. Special reserve	-	-	-	(4,039)	-	-	(4,039)	-	(4,039)
4.1 Transfer to special reserve	-	-	-	7,015	-	-	7,015	-	7,015
4.2 Amount utilized	-	-	-	(11,054)	-	-	(11,054)	-	(11,054)
III. Balance at December 31, 2022	2,329,812	12,986,333	1,080,590	15,818	242,498	6,469,604	23,124,655	-	23,124,655

Company's Statement of Changes in Shareholders' Equity**For the year ended December 31, 2023**

	Share capital	Capital reserve	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total
I. Balance at January 1, 2023	2,329,812	15,523,881	30,822	16,509	242,498	337,865	18,481,387
II. Changes in equity for the period	-	-	(31,824)	777	31,119	217,172	217,244
1. Total comprehensive income	-	-	(31,824)	-	-	311,196	279,372
2. Owner's contributions and reduction	-	-	-	-	-	-	-
2.1 Repurchase of shares	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-
3. Appropriation of profits	-	-	-	-	31,119	(94,024)	(62,905)
3.1 Appropriations to surplus reserves	-	-	-	-	31,119	(31,119)	-
3.2 Transfer to Distribution to shareholders	-	-	-	-	-	(62,905)	(62,905)
4. Special reserve	-	-	-	777	-	-	777
4.1 Transfer to special reserve	-	-	-	10,021	-	-	10,021
4.2 Amount utilized	-	-	-	(9,244)	-	-	(9,244)
III. Balance at December 31, 2023	<u>2,329,812</u>	<u>15,523,881</u>	<u>(1,002)</u>	<u>17,286</u>	<u>273,617</u>	<u>555,037</u>	<u>18,698,631</u>

For the year ended December 31, 2022

	Share capital	Capital reserve	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total
I. Balance at January 1, 2022	2,329,812	15,523,881	30,668	20,548	240,162	335,485	18,480,556
II. Changes in equity for the period	-	-	154	(4,039)	2,336	2,380	831
1. Total comprehensive income	-	-	154	-	-	23,354	23,508
2. Owner's contributions and reduction	-	-	-	-	-	-	-
2.1 Repurchase of shares	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-
3. Appropriation of profits	-	-	-	-	2,336	(20,974)	(18,638)
3.1 Appropriations to surplus reserves	-	-	-	-	2,336	(2,336)	-
3.2 Transfer to Distribution to shareholders	-	-	-	-	-	(18,638)	(18,638)
4. Special reserve	-	-	-	(4,039)	-	-	(4,039)
4.1 Transfer to special reserve	-	-	-	7,015	-	-	7,015
4.2 Amount utilized	-	-	-	(11,054)	-	-	(11,054)
III. Balance at December 31, 2022	<u>2,329,812</u>	<u>15,523,881</u>	<u>30,822</u>	<u>16,509</u>	<u>242,498</u>	<u>337,865</u>	<u>18,481,387</u>

Notes to the Financial Statements

I BASIC CORPORATE INFORMATION

ADAMA Ltd. (hereinafter the “Company” or the “Group”) is a company limited by shares established in China with its head office located in Hubei Jingzhou.

In June 2020, the controlling shareholder of the Company changed from China National Agrochemical Co., Ltd. (hereinafter – “CNAC”) to Syngenta Group Co., Ltd. (hereinafter “Syngenta Group”). As of August 2021, following the combination between China National Chemical Co., Ltd. (hereinafter - “ChemChina”) and Sinochem Holdings Corporation Ltd. (hereinafter - “Sinochem Holdings”), Syngenta Group, and subsequently the Company, are ultimately controlled by Sinochem Holdings - parent of both ChemChina and Sinochem Group Co., Ltd. (hereinafter “Sinochem Holdings”), subordinated to SASAC.

The principal activities of the Company and its subsidiaries (together referred to as the “Group”) are engaged in development, manufacturing and marketing of agrochemicals, intermediate materials for other industries, food additives and synthetic aromatic products, mainly for export. For information about the largest subsidiaries of the Company, refer to Note VII.

The Company’s consolidated financial statements had been approved by the Board of Directors of the Company on March 25, 2024.

Details of the scope of consolidated financial statements are set out in Note VII “Interest in other entities”, whereas the changes of the scope of consolidation are set out in Note VI “Changes in consolidation scope”.

II BASIS OF PREPARATION

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the “MoF”). In addition, the Group has disclosed relevant financial information in these financial statements in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15—General Provisions on Financial Reporting (revised by China Securities Regulatory Commission (hereinafter “CSRC”) in 2023).

2. Accrual basis and measurement principle

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, deferred tax assets and liabilities, assets and liabilities relating to employee benefits, provisions, and investments in associated companies and joint ventures, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

In the historical cost measurement, assets obtained shall be measured at the amount of cash or cash equivalents or fair value of the consideration paid. Liabilities shall be measured at the actual amount of cash or assets received, or the contractual amount in a present obligation, or the prospective amount of cash or cash equivalents paid to discharge the liabilities.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing market participants in an arm’s length transaction at the measurement date. Fair value measured and disclosed in the financial statements are determined on this basis whether it is observable or estimated by valuation techniques.

Notes to the Financial Statements

II BASIS OF PREPARATION - (cont'd)

2. Accrual basis and measurement principle - (cont'd)

The following table provides an analysis, grouped into Levels 1 to 3 based on the degree to which the fair value input is observable and significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets;

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable (other than quoted prices included within Level 1), either directly or indirectly;

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. Going concern

The financial statements have been prepared on the going concern basis.

The Group has performed going concern assessment for the following 12 months from Decemberr 31,2023 and have not identified any significant doubtful matter or event on the going concern, as such the financial statement have been prepared on the going concern basis.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance

These financial statements are in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's consolidated financial position as at December 31, 2023 and the Company's consolidated operating results, changes in shareholders' equity and cash flows for the six months then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business cycle

The company takes the period from the acquisition of assets for processing to their realisation in cash or cash equivalents as a normal operating cycle. The operating cycle for the company is 12 months.

4. Reporting currency

The Company and its domestic subsidiaries choose Renminbi (hereinafter "RMB") as their functional currency. Functional currencies of overseas subsidiaries are determined on the basis of the principal economic environment in which the overseas subsidiaries operate. The functional currency of the overseas subsidiaries is mainly the United States Dollar (hereinafter "USD"). The presentation currency of these financial statements is Renminbi.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

5. Criteria of determining material item in the report and its benchmark

Item	Benchmark for Material Item
Material construction in progress projects	Individual construction in progress project with a budget higher than RMB 100 million

6. Business combinations

6.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings. Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

6.2 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The costs of business combination are the fair value of the assets paid, liabilities incurred or assumed and equity instruments issued by the acquirer for the purpose of achieving the control rights over the acquiree.

The intermediary costs such as audit, legal services and assessment consulting costs and other related management costs that are directly attributable to the combination by the acquirer are charged to profit or loss in the period in which they are incurred. Direct capital issuance costs incurred in respect of equity instruments or liabilities issued pursuant to the business combination should be charged to the respect equity instruments or liabilities upon initial recognition of the underlying equity instruments or liabilities.

The acquiree's identifiable assets, liabilities and contingent liabilities acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the remaining difference is recognized immediately in profit or loss for the current year.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

6. Business combination - (cont'd)

6.2 Business combinations not involving enterprises under common control and goodwill - (cont'd)

The goodwill raised because of the business combination should be separately disclosed in the consolidated financial statement and measured by the initial amount less any accumulative impairment provision.

In a business combination achieved in stages, the Group remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss.

7. Basis for preparation of consolidated financial statements

The scope of consolidation in consolidated financial statements is determined on the basis of control. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in consolidated income statement and consolidated statement of cash flows.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in consolidated income statement and consolidated statement of cash flows.

For a subsidiary acquired through a business combination involving enterprises under common control, it will be fully consolidated into consolidated financial statements from the date on which the subsidiary was ultimately under common control by the same party or parties.

The significant accounting policies and accounting years adopted by the subsidiaries are determined based on the uniform accounting policies and accounting years set out by the Company.

All significant intra-group balances, transactions and unrealized profits are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as non-controlling interests and presented as "non-controlling interests" in the shareholders' equity in consolidated balance sheet. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented as "non-controlling interests" in consolidated income statement below the "net profit" line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against non-controlling interests.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

7. Basis for preparation of consolidated financial statements - (cont'd)

Acquisition of non-controlling interests or disposal of equity interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings. Other comprehensive income attributed to the non-controlling interest is reattributed to the shareholders of the company.

A put option issued by the Group to holders of non-controlling interests that is settled in cash or other financial instrument is recognized as a liability at the present value of the exercise price (according to the "anticipated acquisition method"). The Group's share of a subsidiary's profits includes the share of the holders of the non-controlling interests to which the Group issued a put option.

In cases which the Group has a Call option in addition to the Put option above, due to the anticipated acquisition method implementation no value is given to the Call option in the consolidated financial statements.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with the disposed subsidiary is reclassified to investment income in the period in which control is lost.

8. Classification and accounting methods of joint arrangement

There are two types of joint arrangements – joint operations and joint ventures. The type of joint arrangements is determined based on the rights and obligations of joint operator to the joint arrangements by considering the factors, such as the structure, the legal form of the arrangements, and the contractual terms, etc. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement.

9. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated into functional currency using the spot exchange rate prevailing at the date of transaction.

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (i) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period. (ii) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting.

When preparing financial statements involving foreign operations, if there is any foreign currency monetary items, which in substance forms part of the net investment in the foreign operations, exchange differences arising from the changes of foreign currency are recorded as other comprehensive income, and will be reclassified to profit or loss upon disposal of the foreign operations.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged.

10.2 Translation of financial statements denominated in foreign currency

For the purpose of preparing consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at spot exchange rate prevailing at the balance sheet date; shareholders' equity items, except for retained earnings, are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at average rate or at spot exchange rates on the dates of the transactions; the retained earnings opening balance is previous year's translated retained earnings closing balance; the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recorded as other comprehensive income. Cash Flows arising from transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the spot exchange rate on the date of the cash flow, the effect of exchange rate changes on the cash and cash equivalents is regarded as a reconciling item and present separately in the statement "effect of foreign exchange rate changes on the cash and cash equivalents".

The opening balances and the comparative figures of prior year are presented at the translated amounts in the prior year's financial statements.

On disposal of the Group's entire equity interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain equity interest in it or other reasons, the Group transfers the

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

10. Translation of transactions and financial statements denominated in foreign currencies - (cont'd)

10.2 Translation of financial statements denominated in foreign currency - (cont'd)

accumulated translation differences, which are attributable to the owners' equity of the Company and presented under other comprehensive income to profit or loss in the period in which the disposal occurs.

In case of a disposal or other reason that does not result in the Group losing control over a foreign operation, the proportionate share of accumulated translation differences are re-attributed to non-controlling interests and are not recognized in profit and loss. For partial disposals of equity interest in foreign operations, which are associates or joint ventures, the proportionate share of the accumulated translation differences are reclassified to profit or loss.

11. Financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus (which is not measured at fair value through profit or loss) transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Initial recognition in trade receivables which do not contain a significant financing component, shall be made according to their transaction price.

11.1 Classification and measurement of financial assets

After initial recognition, an entity shall measure a financial asset at: (a) amortised cost; (b) fair value through other comprehensive income ("FVTOCI"); or (c) fair value through profit or loss ("FVTPL").

11.1.1 Financial assets at amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortised cost, using effective interest method. Gains or losses upon impairment and derecognition are recognized in profit or loss.

11.1.1.1 Effective interest method and amortised cost

Effective interest method represents the method for calculating the amortized costs and interest income or expense of each period in accordance with the effective interest rate of financial assets or financial liabilities (inclusive of a set of financial assets or financial liabilities). Effective interest rate represents the rate that discounts the future cash flow over the expected subsisting period or shorter period, if appropriate, of the financial asset or financial liability to the current carrying value of such financial asset or financial liability.

When calculating the effective interest rate, the Group will consider the anticipated future cash flow (not considering the future credit loss) on the basis of all contract clauses of financial assets or financial liabilities, as well as consider all kinds of charges which are an integral part of the effective interest rate, including transaction fees and discount or premium paid or received between both parties of financial asset or financial liability contract.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

11. Financial instruments - (cont'd)

11.1 Classification and measurement of financial assets - (cont'd)

11.1.2 Financial assets at FVTOCI

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met: (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses, foreign exchange gains and losses and interest calculated using the effective interest method, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are either those that are classified as financial assets at FVTPL or designated as financial assets at FVTPL.

A financial asset is measured at FVTPL unless it is measured at amortised cost or at FVTOCI.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

A gain or loss on a financial asset that is measured at FVTPL is recognized in profit or loss unless it is part of a hedging relationship. Dividends are recognized in profit or loss.

11.1.4 Designated financial assets at FVTOCI

At initial recognition, the Group makes an irrevocable election to designate to FVTOCI an investment in an equity instrument that is not held for trading.

When a non-trading equity instrument investment is designated as a financial asset that is measured at fair value through other comprehensive income, the changes in the fair value of the financial asset are recognised in other comprehensive income. Upon realization the accumulated gains or losses from other comprehensive income are transferred from other comprehensive income and included in retained earnings. During the period in which the Group holds these non-trading investment instruments, the right to receive dividends in the Group has been established, and the economic benefits related to dividends are likely to flow into the Group, and when the amount of dividends can be reliably measured, the dividend income is recognized in the current profit and loss.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

11. Financial instruments - (cont'd)

11.2 Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets that are classified to amortised cost and FVTOCI.

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

For financial assets other than trade receivables, the Group initially measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. At each balance sheet date, if the credit risk on that financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses. The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance to the amount that is required to be recognized.

11.2.1 Significant increases in credit risk

At each balance sheet date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition.

The Group mainly considers the following list of information in assessing changes in credit risk:

- (a) significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception.
- (b) significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.
- (c) a significant change in the debtors' ability to meet its debt obligations.
- (d) an actual or expected significant change in the operating results of the debtor.
- (e) significant increases in credit risk on other financial instruments of the same debtor.
- (f) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor.
- (g) significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the debtor's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- (h) significant changes that are expected to reduce the receivable's economic incentive to make scheduled contractual payments.
- (i) significant changes in the expected performance and behaviour of the debtor.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

11. Financial instruments - (cont'd)

11.2 Impairment of financial assets - (cont'd)

11.2.2 Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the receivable;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the receivable, for economic or contractual reasons relating to the receivable's financial difficulty, having granted to the receivable a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the receivable will enter bankruptcy or other financial reorganization;

11.2.3 Recognition of expected credit losses

For the purpose of determining significant increases in credit risk and recognizing a loss allowance on a collective basis, financial instruments are grouped on the basis of shared credit risk. Examples of shared credit risk characteristics may include, but are not limited to, the:(a) instrument type; (b) credit risk ratings; (c) collateral type; (d) industry; (e) geographical location of the debtor; and (f) the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring.

Expected credit losses of financial instruments are determined as the present value of the difference between: (a) the contractual cash flows that are due to an entity under the contract; and (b) the cash flows that the entity expects to receive.

For a financial asset that is credit-impaired at the reporting date, an entity shall measure the expected credit losses as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognized in profit or loss as an impairment gain or loss.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

11. Financial instruments - (cont'd)

11.2 Impairment of financial assets - (cont'd)

11.2.4 Written-off of financial assets

The Group directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

11.3 Transfer of financial asset

The Group derecognizes a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; or (ii) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset transferred to the transferee; or (iii) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

When the company is derecognizing a financial asset in its entirety, except for equity instrument designated to FVTOCI, the difference between (i) the carrying amount of the financial asset transferred; and (ii) the sum of the consideration received from the transfer is recognized in profit or loss.

11.4 Classification and measurement of financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are subsequently measured at FVTPL or other financial liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading or (ii) it is designated as at FVTPL. The financial liability other than derivative financial liabilities are stated as liabilities held for trading.

Other financial liabilities are subsequently measured at amortized cost by using effective interest method. Gain or loss arising from derecognition or amortization is recognized in current profit or loss.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

11. Financial instruments - (cont'd)

11.5 Derecognition of financial liabilities

Financial liabilities are derecognized in full or in part only when the present obligation is discharged in full or in part. An agreement entered into force between the Group (debtor) and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities. When financial liabilities is derecognized in full or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

11.6 Derivatives

Derivative financial instruments include forward exchange contracts, currency swaps and foreign exchange options, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value. The resulting gain or loss is recognized in profit or loss unless the derivative is designated and highly effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship (Note III 29.1).

11.7 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset, except for circumstances where the Group has a legal right that is currently enforceable to offset the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet.

11.8 Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognized in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditures relating to the repurchase are recorded in the cost of the treasury shares, with the transaction entering into the share capital. Treasury shares are excluded from profit distributions and are stated as a deduction under shareholders' equity in the balance sheet.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

12. Receivables

Receivables are assessed for impairment on a collective group and/or on an individual basis as follows:

Expected credit losses in respect of a receivables is measured at an amount equal to lifetime expected credit losses. The assessment is made collectively for account receivables, where receivables share similar credit risk characteristics based on geographical location, using the expected credit losses model including inter-alia aging analysis, historical loss experiences adjusted by the observable factors reflecting current and expected future economic conditions. The ratio of the account receivables collective provision for expected credit losses in which credit losses has not occurred is between 0%-4.36%.

When credit risk on a receivable has increased significantly since initial recognition, the group records specific provision or collective provision, which is determined for groups of similar assets in countries in which there are large number of customers with immaterial balances.

In assessing whether the credit risk on a receivable has increased significantly since initial recognition, the Group compares the risk of a default occurring on the receivable at the reporting date with the risk of a default occurring on the receivable at the date of initial recognition and considers both quantitative and qualitative information that is reasonable and supportable, including observable data that comes to the attention of the Group about loss events such as a significant decline in the solvency of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor.

13. Inventories

13.1 Categories of inventories and initial measurement

The Group's inventories mainly include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition including direct labor costs and an appropriate allocation of production overheads.

13.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

13.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

13. Inventories - (cont'd)

- 13.3 Basis for determining net realizable value of inventories and provision methods for decline in value of inventories - (cont'd)

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their carrying amount, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

- 13.4 The perpetual inventory system is maintained for stock system.

14. Long-term equity investments

Long-term equity investments include investments in subsidiaries, joint ventures and associates.

Subsidiaries are the companies that are controlled by the Company. Associates are the companies over which the Group has significant influence. Joint ventures are joint arrangements over which the Group has joint control along with other investors and has rights to the net assets of the joint arrangement.

The Company accounts for the investment in subsidiaries at historical cost in the Company's financial statements. Investments in associates and joint ventures are accounted for under equity method.

- 14.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the share of the carrying amount of the shareholders' equity of the acquiree attributable to the ultimate controlling party at the date of combination. The difference between initial investment cost and cash paid, non-cash assets transferred and book value of liabilities assumed, is adjusted in capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a business combination not involving enterprises under common control achieved in stages that involves multiple exchange transactions, the initial investment cost is carried at the aggregate of the carrying amount of the acquirer's previously held equity interest in the acquiree and the new investment cost incurred on the acquisition date.

Regarding the long-term equity investment acquired otherwise than through a business combination, if the long-term equity investment is acquired by cash, the historical cost is determined based on the amount of cash paid and payable; if the long-term equity investment is acquired through the issuance of equity instruments, the historical cost is determined based on the fair value of the equity instruments issued.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

14. Long-term equity investments - (cont'd)

14.2 Subsequent measurement and recognition of profit or loss

If the long-term equity investment is accounted for at cost, it should be measured at historical cost less accumulated impairment losses. Dividend declared by the investee should be accounted for as investment income.

Under the equity method, where the long-term equity investment initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income or loss and other comprehensive income for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to be confirmed with the Group's accounting policies and accounting period. The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period.

14.3 Basis for determining control, joint control and significant influence over investee

Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

14.4 Methods of impairment assessment and determining the provision for impairment loss

If the recoverable amounts of the investments to subsidiaries, joint ventures and associates are less than their carrying amounts, an impairment loss should be recognized to reduce the carrying amounts to the recoverable amounts (Note III 21).

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

14. Long-term equity investments - (cont'd)

14.5 The disposal of long-term equity investment

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

15. Investment properties

Investment property refers to real estate held to earn rentals or for capital appreciation, or both, including leased land use rights, land use rights held and provided for transferring after appreciation and leased constructions, etc.

Investment property is initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures on investment property shall be included in profit or loss for the current period when incurred.

The Group adopts cost method for subsequent measurement of investment property, which is depreciated or amortized using the same policy as that for buildings and land use rights.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related taxes and surcharges is recognized in profit or loss for the current period.

16. Fixed assets

16.1 Recognition criteria for fixed assets

Fixed assets include land owned by the Group and buildings, machinery and equipment, motor vehicles, office equipment and others.

Fixed assets are tangible assets that are held for use in the production or supply of goods or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured. Purchased or constructed fixed assets are initially measured at cost when acquired.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

16. Fixed assets - (cont'd)

16.2 Depreciation of each category of fixed assets

Fixed asset is depreciated based on the cost of fixed asset recognized less expected net residual value over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. Depreciation is calculated based on the carrying amount of the fixed asset after impairment over the estimated remaining useful life of the asset.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

The estimated useful life, estimated net residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation	Useful life (years)	Residual value (%)	Annual deprecia- tion rate (%)
Buildings	the straight-line method	15-50	0-4	1.9-6.7
Machinery and equipment	the straight-line method	3-22	0-4	4.4-33.3
Office and other equipment	the straight-line method	3-17	0-4	5.6-33.3
Motor vehicles	the straight-line method	5-9	0-2	10.9-20.0

Overseas Land owned by the Group is not depreciated.

16.3 Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The difference between recoverable amounts of the fixed assets under the carrying amount is referred to as impairment loss (Note III 21).

17. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction, installation costs, borrowing costs capitalized and other expenditures incurred until such time as the relevant assets are completed and ready for its intended use. When the asset concerned is ready for its intended use, the cost of the asset is transferred to fixed assets and depreciated starting from the following month.

The difference between recoverable amounts of the construction in progress under the carrying amount is referred to as impairment loss (Note III 21).

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Borrowing costs incurred subsequently should be charged to profit or loss. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expenses incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds.

Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

During the capitalization period, exchange differences on foreign currency specific-purpose borrowing are fully capitalized whereas exchange differences on foreign currency general-purpose borrowing, charged to profit or loss.

19. Intangible assets

19.1 Valuation methods, useful life, impairment test

The Group's intangible assets include product registration assets, intangible assets upon purchase of products, marketing rights and rights to use tradenames and trademarks, land use rights, software and customer relations. Intangible assets are stated at cost less accumulated amortization and impairment losses.

When an intangible asset with a finite useful life is available for use, its original cost less any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

19. Intangible assets - (cont'd)

19.1 Valuation methods, useful life, impairment test - (cont'd)

The respective amortization periods for such intangible assets are as follows:

Item	Amortization period (years)
Land use rights	49-50 years
Product registration	8-11 years
Intangible assets on purchase of products	7-11, 20 years
Marketing rights, tradename and trademarks	4-10, 30 years
Exclusivity agreement	21 years
Software	3-5 years
Customer relations	5-10, 13 years

The difference between recoverable amounts of the intangible assets under the carrying amount is referred to as impairment loss (see Note III 21).

19.2 Research and development expenditure

Internal research and development project expenditures were classified into research expenditures and development expenditures depending on its nature and the greater uncertainty whether the research activities becoming to intangible assets.

Expenditure during the research phase is recognized as an expense in the period in which it is incurred. Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The Group has the intention to complete the intangible asset and use or sell it;
- The Group can demonstrate the ways in which the intangible asset will generate economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset;
- The expenditure attributable to the intangible asset during its development phase can be reliably measured.

Expenditures that do not meet all of the above conditions at the same time are recognized in profit or loss when incurred. If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. Expenditures that have previously been recognized in the profit or loss would not be recognized as an asset in subsequent years. Those expenditures capitalized during the development stage are recognized as development costs incurred and will be transferred to intangible asset when the underlying project is ready for an intended use.

20. Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (see Note III 21). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

21. Impairment of long-term assets

The Company assesses at each balance sheet date whether there is any indication that the fixed assets, construction in progress, right of use assets, intangible assets with finite useful lives, investment properties measured at historical cost, investments in subsidiaries, joint ventures and associates may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow estimated to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

Goodwill arising from a business combination is tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired. For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated from the acquisition date on a reasonable basis to each of the related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related set of asset groups. Each of the related asset groups or set of asset groups is an asset group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss first reduced by the carrying amount of the goodwill allocated to the asset group or set of asset groups, and then the carrying amount of other assets (other than the goodwill) within the asset group or set of asset groups, pro rata based on the carrying amount of each asset.

Once the impairment loss of such assets is recognized, it will not be reversed in any subsequent period.

22. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

23. Employee benefits

23.1 Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions, measured on a non-discounted basis, and the expense is recorded when the related service is provided. A provision for short-term employee benefits in respect of cash bonuses is recognized in the amount expected to be paid where the Group has a current legal or constructive obligation to pay the said amount for services provided by the employee in the past and the amount can be estimated reliably.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

23. Employee benefits - (cont'd)

23.2 Post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays contributions to a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an expense in profit or loss in the periods during which related services are rendered by employees.

Defined benefit plans of the Group are post-employment benefit plans other than defined contribution plans. In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability. The discount rate used is the yield on the reporting date on highly-rated corporate debentures denominated in the same currency, that have maturity dates approximating the terms of the Group's obligation.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss and remeasurements of the defined benefit liability are recognized in other comprehensive income.

23.3 Termination benefits

When the Group terminates the employment with employees or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

If the benefits are payable more than 12 months after the end of the reporting period, they are discounted to their present value. The discount rate used is the yield on the reporting date on highly-rated corporate debentures denominated in the same currency, that have maturity dates approximating the terms of the Group's obligation.

23.4 Other long-term employee benefits

The Group's net obligation for long-term employee benefits, which are not attributable to post-employment benefit plans, is for the amount of the future benefit to which employees are entitled for services that were provided during the current and prior periods.

The amount of these benefits is discounted to its present value and the fair value of the assets related to these obligations is deducted therefrom. The discount rate used is the yield on the reporting date on highly-rated corporate debentures denominated in the same currency, that have maturity dates approximating the terms of the Group's obligation.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

24. Share-based payment

Share-based payment refers to the transaction in order to acquire the service offered by the employees or other parties that grants equity instruments or liabilities on the basis of the equity instruments. Share-based payment classified into equity-settled share-based payment and cash-settled share-based payment.

24.1 Cash-settled share-based payment

The cash-settled share-based payment should be measured according to the fair value of the liabilities recognized based on the shares or other equity instrument undertaken by the Company. For cash-settled share-based payment made in return for the rendering of employee services that cannot be exercised until the services are fully provided during the vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant expenses and the corresponding liabilities at the fair value of the liability incurred by the Company.

On each balance sheet date and the settlement date before the settlement of the relevant liabilities, the Company should re-measure the fair value of the liabilities and the changes should be included in the current period profit and loss.

25. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the settlement date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows. The increase in the provision due to passage of time is recognized as interest expense.

If all or part of the provision settlements is reimbursed by third parties, when the realization of income is virtually certain, then the related asset should be recognized. However, the amount of related asset recognized should not be exceeding the respective provision amount.

At the balance sheet date, the amount of provision should be re-assessed to reflect the best estimation then.

26. Revenue

Revenue of the Group is mainly from sale of goods.

The Group recognizes revenue when transferring goods to a customer, at the amount of the transaction price. Goods are considered transferred when the customer obtains control of the goods. Transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

26. Revenue - (cont'd)

Significant financing component

For a contract with a significant financing component, the Group recognize revenue at an amount that reflects the price that a customer would have paid for the goods if the customer had paid cash for those goods at receipt. The difference between the amount of consideration and the cash selling price of the goods, is amortized in the contract period using effective interest rate. The Group does not adjust the amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the entity transfers a good to a customer and when the customer pays for that good will be one year or less.

Sale with a right of return

For sale with a right of return, the Group recognizes revenue at the amount of consideration to which the Group expects to be entitled (ie excluding the products expected to be returned). For any amounts received (or receivable) for which an entity does not expect to be entitled, the entity shall not recognize revenue when it transfers products to customers but shall recognize those amounts received (or receivable) as a refund liability. An asset recognized for the Group's right to recover products from a customer on settling a refund liability shall initially be measured by reference to the former carrying amount of the product less any expected costs to recover those products.

27. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, including tax returns, financial subsidies and so on. A government grant is recognized only when the Group can comply with the conditions attached to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount.

Government grants are either related to assets or income.

(1) The basis of judgment and accounting method of the government grants related to assets

Government grants obtained for acquiring long-term assets are government grants related to assets. A government grant related to an asset is offset with the cost of the relevant asset.

(2) The basis of judgment and accounting method of the government grants related to income

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

27. Government grants - (cont'd)

Government grants related to the Group's normal course of business are offset with related costs and expenses. Government grants related that are irrelevant with the Groups's normal course of business are included in non-operating gains.

28. Current and deferred tax

The income tax expenses include current income tax and deferred income tax.

28.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 Deferred tax assets and deferred tax liabilities

Temporary differences are differences between the carrying amounts of certain assets or liabilities and their tax base.

All taxable temporary differences are recognized as related deferred tax liabilities. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized. However, for deductible temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group may be required to pay additional tax in case of distribution of dividends by the Group companies. This additional tax was not included in the financial statements, since the policy of the Group is not to distribute in the foreseeable future a dividend which creates a significant additional tax liability.

Except for those current income tax and deferred tax charged to comprehensive income or shareholders' equity in respect of transactions or events which have been directly recognized in other comprehensive income or shareholders' equity, and deferred tax recognized on business combinations, all other current income tax and deferred tax items are charged to profit or loss in the current period.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

28. Current and deferred tax - (cont'd)

28.2 Deferred tax assets and deferred tax liabilities - (cont'd)

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction is reversed when it becomes probable that sufficient taxable profits will be available.

28.3 Offset of income tax

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and tax assets and tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to realize the assets and liabilities simultaneously, current tax assets and liabilities are offset and presented on a net basis.

When the Group has a legal right to settle deferred tax assets and liabilities on a net basis which relates to income taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

29. Leases

Lease is a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

29.1 Determining whether an arrangement contains a lease

On the inception date of the lease, the Group determines whether the arrangement is a lease or contains a lease, while assessing if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Group assesses whether it has the following two rights throughout the lease term:

- (a) The right to obtain substantially all the economic benefits from use of the identified asset; and
- (b) The right to direct the identified asset's use.

An arrangement does not contain a lease if an asset is leased for a period of less than 12 months, or to lease of asset with low economic value.

29.2 Initial recognition of leased assets and lease liabilities

Upon initial recognition, the Group recognizes a liability at the present value of future lease payments (exclude certain variable lease payments, as detailed in Note III 29.4), and concurrently the Group recognizes a right-of-use asset at the same amount, adjusted for any prepaid lease payments paid at the lease date or before, plus initial direct costs incurred in respect of the lease.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

29. Leases - (cont'd)

29.2 Initial recognition of leased assets and lease liabilities - (cont'd)

When the interest rate implicit in the lease is not readily determinable, the incremental borrowing rate of the lessee is used.

The Group presents right-of-use assets separately from other assets in the balance sheet.

29.3 The lease term

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option, if it is reasonably certain that the lessee will exercise or not exercise the option, respectively.

If there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, the Group remeasures the lease liability, on the basis of the revised lease term and the revised discount rate and adjust the right-of-use assets accordingly.

29.4 Variable lease payments

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted with a correspondence change in the right-of-use asset.

Other variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the condition that triggers payment occurs.

29.5 Subsequent measurement

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. The asset is depreciated on a straight-line basis over the useful life or contractual lease period, whichever earlier.

The Group applies ASBE8 Impairment of Assets, to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

A lease liability is measured after the lease commencement date at amortized cost using the effective interest method.

30. Other significant accounting policies and accounting estimates

30.1 Hedging

The Group uses derivative financial instruments to hedge its risks related to foreign currency and inflation risks and derivatives that are not used for hedging.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

30. Other significant accounting policies and accounting estimates - (cont'd)

30.1 Hedging - (cont'd)

Hedge accounting

The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedge is expected to be effective in offsetting the changes in the fair value of cash flows that can be attributed to the hedged risk during the period for which the hedge is designated.

An effective hedge exists when all of the below conditions are met:

- There is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship;
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

On the commencement date of the accounting hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the Group's risk management objectives and strategy in executing the hedge transaction, together with the methods that will be used by the Group to assess the effectiveness of the hedging relationship.

With respect to a cash-flow hedge, a forecasted transaction that constitutes a hedged item must be highly probable and must give rise to exposure to changes in cash flows that could ultimately affect profit or loss.

Measurement of derivative financial instruments

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred.

Cash-flow hedges

Subsequent to the initial recognition, changes in the fair value of derivatives used to hedge cash flows are recognized through other comprehensive income directly in a hedging reserve, with respect to the part of the hedge that is effective. Regarding the portion of the hedge that is not effective, the changes in fair value are recognized in profit and loss. The amount accumulated in the hedging reserve is reclassified to profit and loss in the period in which the hedged cash flows impact profit or loss and is presented in the same line item in the statement of income as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued. The cumulative gain or loss previously recognized in a hedging reserve through other comprehensive income remains in the reserve until the forecasted transaction occurs or is no longer expected to occur. If the forecasted transaction is no longer expected to occur, the cumulative gain or loss in respect of the hedging instrument in the hedging reserve is reclassified to profit or loss.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

30. Other significant accounting policies and accounting estimates - (cont'd)

30.1 Hedging - (cont'd)

Economic hedge

Hedge accounting is not applied with respect to derivative instruments used to economically hedge financial assets and liabilities denominated in foreign currency or CPI linked. Changes in the fair value of such derivatives are recognized in profit or loss as gain (loss) from changes in fair value.

Derivatives that are not used for hedging

Changes in the fair value of derivatives that are not used for hedging are recognized in profit or loss as gain (loss) from changes in fair value.

30.2 Securitization of assets

Details of the securitization of asset agreements and accounting policy are set out in Note V.5 - Account receivables.

30.3 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of the nature of each product and service, the nature of production processes, the type or class of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

30.4 Profit distributions to shareholders

Dividends which are approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

31. Changes in significant accounting policies and accounting estimates

31.1 Changes in significant accounting policies

On 30 November 2022, the Ministry of Finance issued "Accounting Standards for Business Enterprises Interpretation No. 16" (hereinafter referred to as "Interpretation No. 16") which clarified the following accounting treatments:

- (1) Deferred tax related to assets and liabilities arising from a single transaction;
- (2) The income tax treatment of the dividend paid as the issuer of an equity instrument; and
- (3) When an entity changes a cash-settled share-based payment to an equity-settled share-based payment.

According to the Interpretation No.16, the clarification regarding "Deferred tax related to assets and liabilities arising from a single transaction" was effective from 1 January 2023. Adoption of the interpretation has no significant impact on the Group's financial statements.

31.2 Changes in significant accounting estimates

There are no significant changes in accounting estimates in the reporting period.

32. Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Notes V.34, Note VIII, Note IX and Note XIII contain information about the assumptions and their risk factors relating to post-employment benefits – defined benefit plans, fair value of financial instruments and share-based payments. Other key sources of estimation uncertainty are as follows:

32.1 Expected credit loss of trade receivables

As described in Note III.12, trade receivables are reviewed at each balance sheet date to determine whether credit risk on a receivable has increased significantly since initial recognition, lifetime expected losses is accrued for impairment provision. Evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the solvency of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in the value of receivables which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

32. Significant accounting estimates and judgments - (cont'd)

32.2 Provision for impairment of inventories

Notes to the Financial Statements

As described in Note III.13, the net realisable value of inventories is under management's regular review, and as a result, provision for impairment of inventories is recognized for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for impairment of inventories. The net profit or loss may then be affected in the period when the impairment of inventories is adjusted.

32.3 Impairment of assets other than inventories and financial assets

As described in Note III.21, if impairment indication exists, assets other than inventories and financial assets are assessed at balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such case exists, an impairment loss is recognized.

If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. Impairment exists if the carrying amount of an asset or asset group is higher than recoverable amount, the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group. In assessing the present value of estimated future cash flows, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All the parameters used for estimation of the recoverable amount are based on reasonable and supportable assumptions.

32.4 Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Note III.16 and III.19, assets such as fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

32.5 Income taxes and deferred income tax

The Company and Group companies are assessed for income tax purposes in a large number of jurisdictions and, therefore, Company management is required to use considerable judgment in determining the total provision for taxes and attribution of income.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

32. Significant accounting estimates and judgments - (cont'd)

32.5 Income taxes and deferred income tax - (cont'd)

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group makes reasonable judgements and estimates about the timing and amount of taxable profits to be utilised in the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. If the actual timing and amount of future taxable profits or the actual applicable tax rates differ from the estimates made by management, the differences affect the amount of tax expenses.

32.6 Contingent liabilities

When assessing the possible outcomes of legal claims filed against the Company and its investee companies, the company positions are based on the opinions of their legal advisors. These assessments by the legal advisors are based on their professional judgment, considering the stage of the proceedings and the legal experience accumulated regarding the various matters. Since the results of the claims will be determined by the courts, the outcomes could be different from the assessments.

In addition to the said claims, the Group is exposed to unasserted claims, inter alia, where there is doubt as to interpretation of the agreement and/or legal provision and/or the manner of their implementation. This exposure is brought to the Company's attention in several ways, among others, by means of contacts made to Company personnel. In assessing the risk deriving from the unasserted claims, the Company relies on internal assessments by the parties dealing with these matters and by management, who weigh assessment of the prospects of a claim being filed, and the chances of its success, if filed. The assessment is based on experience gained with respect to the filing of claims and the analysis of the details of each claim. By their nature, in view of the preliminary stage of the clarification of the legal claim, the actual outcome could be different from the assessment made before the claim was filed.

32.7 Employee benefits

The Group's liabilities for long-term post-employment and other benefits are calculated according to the estimated future amount of the benefit to which the employee will be entitled in consideration for his services during the current period and prior periods. The benefit is stated at present value net of the fair value of the plan's assets, based on actuarial assumptions. Changes in the actuarial assumptions could lead to material changes in the book value of the liabilities and in the operating results.

Notes to the Financial Statements

III SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - (cont'd)

32. Significant accounting estimates and judgments - (cont'd)

32.8 Derivative financial instruments

The Group enters into transactions in derivative financial instruments for the purpose of hedging risks related to foreign currency and inflationary risks. The derivatives are recorded at their fair value. The fair value of derivative financial instruments is based on quotes from financial institutions. The reasonableness of the quotes is examined by discounting the future cash flows, based on the terms and length of the period to maturity of each contract, while using market interest rates of a similar instrument as of the measurement date. Changes in the assumptions and the calculation model could lead to material changes in the fair value of the assets and liabilities and in the results.

IV. Taxation

1. Main types of taxes and corresponding tax rates

The income tax rate in China is 25% (2022: 25%). The subsidiaries outside of China are assessed based on the tax laws in the country of their residence.

Set forth below are the tax rates outside China relevant to the subsidiaries with significant sales to third party:

<u>Name of subsidiary</u>	<u>Location</u>	<u>2023</u>
ADAMA agriculture solutions Ltd.	Israel	23.0%
ADAMA Makhteshim Ltd.	Israel	7.5%
ADAMA Agan Ltd.	Israel	16.0%
ADAMA Brasil S/A	Brazil	34.0%
Makhteshim Agan of North America Inc.	U.S.	24.3%
ADAMA India Private Ltd	India	25.2%
ADAMA Deutschland GmbH	Germany	32.5%
Control Solutions Inc.	U.S.	26.0%
Adama Australia Pty Ltd	Australia	30.0%
ADAMA Northern Europe B.V.	Netherlands	25.8%
ADAMA Italia SRL	Italy	27.9%
Alligare LLC	U.S.	26.1%

The VAT rate of the Group's subsidiaries is in the range between 2.5% to 27%.

Notes to the Financial Statements

IV. Taxation - (cont'd)

1. Main types of taxes and corresponding tax rates - (cont'd)

(1) Benefits from High-Tech Certificate

The Company, was jointly approved as new and high-tech enterprise, by the Hubei Provincial Department of Science and Technology, Department of Finance of Hubei Province and Hubei Provincial Office of the State Administration of Taxation. The applicable income tax rate for 2023 and 2022 is 15%.

Adama Anpon (Jiangsu) Ltd. (Formally know as Jiangsu Anpon Electrochemical Co. Ltd, hereinafter - "Anpon"), a subsidiary of the Company, was jointly approved as new and high-tech enterprise, by the Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province and Jiangsu Provincial Office of the State Administration of Taxation. The applicable income tax rate for 2023 and 2022 is 15%.

(2) Benefits In Israel under the Law for the Encouragement of Capital Investments

The Israeli enterprises are entitled to tax benefits under the Israeli Law for the Encouragement of Capital Investments, 1959. The Israeli enterprises have retained earnings that have been generated under the status of "Approved Enterprise" or "Beneficiary Enterprise". In the event that a dividend is distributed from these retained earnings, such dividend may be liable to tax at the time of distribution.

(3) Amendment to the Law for the Encouragement of Capital Investments, 1959

Since 2013 the Israeli enterprises are taxed under the "Preferred Enterprise" regime. The benefits include a grants track for enterprises located on Area A. Tax rates on preferred income as from 2017 tax year are as follows: 7.5% for Development Area A and 16% for the rest of the country. The amendment further determined that no tax shall apply to dividend distributed out of preferred income to Israel resident company shareholder.

On December 21, 2016 the Israel legislature passed the second and third reading of the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the Years 2017 and 2018) – 2016 in which the Encouragement Law was also amended (hereinafter: "the Amendment"). The Amendment is effective as from January 1, 2017 and added new tax benefit tracks for a "preferred technological enterprise" and a "special preferred technological enterprise" which award reduced tax rates to a technological industrial enterprise for the purpose of encouraging activity relating to the development of qualifying intangible assets.

The benefits will be awarded to a "preferred company" that has a "preferred technological enterprise" or a "special preferred technological enterprise" with respect to taxable "preferred technological income" per its definition in the Encouragement Law. Regulations that provide a nexus formula for allocating eligible profits govern these regimes.

Income of a Preferred Technological Enterprise a Special Preferred Technological Enterprise will be subject to a reduced corporate tax rate of 6% regardless of the development area in which the enterprise is located.

Notes to the Financial Statements

IV. Taxation - (cont'd)

1. Main types of taxes and corresponding tax rates - (cont'd)

(3) Amendment to the law for the encouragement of Capital Investments, 1959 - (cont'd)

On November 15, 2021 the Economic Efficiency Law (Legislative Amendments for the 2021 and 2022 Budget Years) – 2021 was published as well as a Temporary Order to the Law for the Encouragement of Capital Investments – 1959 (hereinafter: “the temporary order”), which offers a reduced tax rate arrangement to companies that received an exemption from corporate tax under the aforesaid law. The temporary order provided that companies that choose to apply the temporary order, which is effective until November 14, 2022, will be entitled to a reduced tax rate on the “release” of exempt profits (hereinafter: “the beneficiary corporate tax rate”). The release of exempt profits makes it possible to distribute them at a reduced rate of corporate tax at the company level based on the rate of the profits being distributed pursuant to the conditions set forth in the Amendment.

During 2022, Solutions announced its choice to release the retained earnings in a number of subsidiaries and committed to pay a reduced corporate tax in the amount of approximately 101 million RMB, which was recorded as tax expenses in the financial statements of 2022.

Notes to the Financial Statements

V. Notes to the consolidated financial statements

1. Cash at Bank and On Hand

	December 31	December 31
	2023	2022
Cash on hand	820	785
Deposits in banks	4,856,538	4,224,468
Other cash and bank balances	23,970	65,708
	4,881,328	4,290,961
Including cash and bank balances placed outside China	3,916,967	3,300,538

As at December 31, 2023 restricted cash and bank balances was 23,970 thousand RMB (as at December 31, 2022 65,708 thousand RMB) mainly including deposits that guarantee bank acceptance drafts.

2. Financial assets held for trading

	December 31	December 31
	2023	2022
Bank deposits	1,912	1,685
	1,912	1,685

3. Derivative financial assets

	December 31	December 31
	2023	2022
Economic hedge	833,400	224,128
Accounting hedge derivatives	16,737	9,681
	850,137	233,809

4. Bills Receivable

	December 31	December 31
	2023	2022
Post-dated checks receivable	86,303	112,297
	86,303	112,297

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

5. Accounts Receivable

a. By category

	December 31, 2023				Carrying amount
	Book value		Provision for expected credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Account receivables assessed individually for impairment	464,335	5	280,971	61	183,364
Account receivables assessed collectively for impairment	8,068,869	95	105,556	1	7,963,313
	<u>8,533,204</u>	<u>100</u>	<u>386,527</u>	<u>5</u>	<u>8,146,677</u>

	December 31, 2022				Carrying amount
	Book value		Provision for expected credit losses		
	Amount	Percentage (%)	Amount	Percentage (%)	
Account receivables assessed individually for impairment	383,265	4	212,640	55	170,625
Account receivables assessed collectively for impairment	8,945,138	96	97,388	1	8,847,750
	<u>9,328,403</u>	<u>100</u>	<u>310,028</u>	<u>3</u>	<u>9,018,375</u>

b. Aging analysis

	December 31, 2023
Within 1 year (inclusive)	8,067,906
Over 1 year but within 2 years	189,972
Over 2 years but within 3 years	65,317
Over 3 years but within 4 years	18,939
Over 4 years but within 5 years	55,018
Over 5 years	136,052
	<u>8,533,204</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

5. Accounts Receivable – (cont'd)

Main groups of account receivables assessed collectively for impairment based on geographical location:

Geographical location A:

Account receivables in geographical location A are grouped based on similar credit risk:

	December 31, 2023		
	Book value	Provision for expected credit loss	Percentage (%)
Credit group A	1,055,296	4,217	0.4
Credit group B	805,354	6,970	0.9
Credit group C	307,447	13,412	4.4
Credit group D	46,770	976	2.1
	2,214,867	25,575	1.2

Geographical location B:

Account receivables in geographical location B are grouped based on aging analysis:

	December 31, 2023		
	Book value	Provision for expected credit loss	Percentage (%)
Accounts receivable that are not overdue	813,950	7,231	0.9
Debts overdue less than 60 days	91,709	2,751	3.0
Debts overdue less than 180 days but more than 60 days.	39,557	3,956	10.0
Debts overdue above 180 days	21,221	8,488	40.0
Legal Debtors	44,144	44,144	100.0
	1,010,581	66,570	6.6

Other geographical locations:

	December 31, 2023		
	Book value	Provision for expected credit loss	Percentage (%)
Other account receivables assessed collectively for impairment	4,843,421	13,411	0.3

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

5. Accounts Receivable – (cont'd)

c. Addition, written-back and written-off of provision for expected credit losses during the period

	Lifetime expected credit loss (credit losses has not oc- curred)	Lifetime expected credit loss (credit losses has occurred)	Total
January 1, 2023	44,012	266,016	310,028
Addition (write back) during the period, net	1,029	59,346	60,375
Write-off during the period	-	3,345	3,345
Exchange rate effect	1,502	11,277	12,779
Balance as of December 31, 2023	<u>46,543</u>	<u>339,984</u>	<u>386,527</u>

d. Five largest accounts receivable at December 31, 2023:

Name	Closing balance	Proportion of Accounts receivable (%)	Allowance of expected credit losses (credit losses has occurred)
Customer 1	148,155	1.7	-
Customer 2	99,037	1.2	-
Customer 3	96,941	1.1	-
Customer 4	96,311	1.1	-
Customer 5	81,671	1.0	-
Total	<u>522,115</u>	<u>6.1</u>	<u>-</u>

e. Derecognition of accounts receivable due to transfer of financial assets

Certain subsidiaries of the group entered into a securitization transaction with Rabobank International for sale of trade receivables (hereinafter – “the Securitization Program” and/or “the Securitization Transaction”).

Pursuant to the Securitization Program, the companies will sell their trade receivables debts, in various different currencies, to a foreign company that was set up for this purpose and that is not owned by the Adama Ltd. (hereinafter – “the Acquiring Company”). Acquisition of the trade receivables by the Acquiring Company is financed by Cooperative Rabobank U.A..

The trade receivables included as part of the Securitization Transaction are trade receivables that meet the criteria provided in the agreement.

Every year the credit facility is re approved in accordance with the Securitization Program. As at 31 December 2023, the Securitization agreement was approved up to October 25, 2024.

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

5. Accounts Receivable – (cont'd)

e. Derecognition of accounts receivable due to transfer of financial assets - (cont'd)

The maximum scope of the securitization is adjusted for the seasonal changes in the scope of the Company's activities, as follows: during January - 300m\$ (as of Dec-2023 2,124 million RMB), during February – 350m\$ (as of Dec-2023 2,478 million RMB), during the months of March through August – 400m\$ (as of Dec-2023 2,832 million RMB), during the months of September through October - 300m\$ (as of Dec-2023 2,124 million RMB) and during the months of November through December – 275m\$ (as of Dec-2023 1,975 million RMB). In addition the company has a permanent uncommitted facility of 50\$ million (as of December 31, 2023- 354 million RMB) which will be applicable each period. The proceeds received from those customers whose debts were sold are used for acquisition of new trade receivables.

The price at which the trade receivables debts are sold is the amount of the debt sold less a discount calculated based on, among other things, the expected length of the period between the date of sale of the trade receivable and its anticipated repayment date. In the month following acquisition of the debt, the Acquiring Company pays in cash most of the debt while the remainder is recorded as a subordinated note and as continuing involvement that is paid after collection of the debt sold. If the customer does not pay its debt on the anticipated repayment date, the Company bears interest up to the earlier of the date on which the debt is actually repaid or the date on which debt collection is transferred to the insurance company (the actual costs are not significant and are not expected to be significant).

The Acquiring Company bears 95% of the credit risk in respect of the customers whose debts were sold and will not have a right of recourse to the Company in respect of the amounts paid in cash, except regarding debts with respect to which a commercial dispute arises between the companies and their customers, that is, a dispute the source of which is a claim of non-fulfillment of an obligation of the seller in the supply agreement covering the product, such as: a failure to supply the correct product, a defect in the product, delinquency in the supply date, and the like.

The Acquiring Company appointed a policy manager who will manage for it the credit risk involved with the trade receivables sold, including an undertaking with an insurance company.

Pursuant to the Receivables Servicing Agreement, the Group subsidiaries handle collection of the trade receivables as part of the Securitization Transaction for the benefit of the Acquiring Company.

As part of the agreement, Solutions is committed to comply with certain financial covenants, mainly the ratio of the liabilities to equity and profit ratios. As of December 31, 2023, Solutions was in compliance with the financial covenants.

The accounting treatment of sale of the trade receivables included as part of the Securitization Program is:

The Company is not controlling the Acquiring Company, therefore the Acquiring Company is not consolidated in the financial statements.

The Company continues to recognize the trade receivables included in the Securitization Program based on the extent of its continuing involvement therein.

A subordinated note is recorded in respect of the portion of trade receivables included in the Securitization Program with respect to outstanding cash proceeds, however the Company has transferred the credit risk. The continuing involvement and subordinated note recorded in the balance sheet as part of the "other receivables" line item.

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

5. Accounts Receivable – (cont'd)

e. Derecognition of accounts receivable due to transfer of financial assets - (cont'd)

The loss from sale of the trade receivables is recorded at the time of sale in the statement of income in the “financing expenses”.

f. A subsidiary in Brazil (hereinafter - “the subsidiary”) entered into the following securitization agreements:

(1) Since 2016, a securitization transaction with Rabobank Brazil for sale of customer receivables (hereinafter “FIDC-Donegal agreement”). Under the FIDC-Donegal agreement, the subsidiary will sell its receivables to a securitization structure (hereinafter - “the entity”) that was formed for this purpose where the subsidiary has subordinate rights of 5% of the entity's capital.

As at December 31 2023, the FIDC-Donegal agreement was approved up to September 30, 2024. The maximum securitization scope as of December 31, 2023 is BRL 385 million (as of December 31, 2023 – 563 million RMB).

On the date of the sale of the customer receivables, the entity pays the full amount which is the debt amount sold net of discount calculated, among others, over the expected length of the period between the date of sale of the customer receivable and its anticipated repayment date.

The entity bears 95% of the credit risk in respect of the customers whose debts were sold such that the entity has the right of recourse to 5% of the unpaid amount. The subsidiary has a pledged deposit with regards to the entity's right of recourse.

The subsidiary continues to recognize the trade receivables sold to the entity based on the extent of its continuing involvement therein (5% right of recourse) and also recognizes an associated liability in the same amount.

In “FIDC-Donegal agreement” the subsidiary handles the collection of receivables included in the securitization for the entity.

(2) During 2021, the subsidiary has entered into an additional securitization agreement (hereinafter - “FIDC – Liverpool agreement”) with Itau Bank and Farm investments, for sale of customer receivables to a securitization structure that was formed for this purpose where the subsidiary has mezzanine quotes of 10.5% of the entity's capital.

As at December 31 2023, the FIDC-Liverpool agreement was approved up to November 10, 2024. The maximum securitization scope as of December 31, 2023 is BRL 311 million (as of December 31, 2023 – 455 million RMB).

The entity bears 100% of the credit risk in respect of the customers whose debts were sold (non-recourse), therefore the subsidiary has no continuing involvement in those account receivables sold.

In “FIDC-Liverpool agreement” the collection of receivables is being handled by the entity. In all the agreements above, the subsidiary does not control the entities and therefore the entities are not consolidated in the Group's financial statements.

The loss from the sale of the trade receivables is recorded at the time of sale in the statement of income in the “financing expenses” category.

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

5. Accounts Receivable – (cont'd)

f. Derecognition of accounts receivable due to transfer of financial assets - (cont'd)

	December 31	December 31
	2023	2022
Accounts receivables derecognized	3,392,091	4,039,429
Continuing involvement	139,862	193,532
Subordinated note in respect of trade receivables	754,739	591,998
Liability in respect of trade receivables	32,368	79,619

	Year ended December 31	
	2023	2022
Loss in respect of sale of trade receivables	283,076	226,575

6. Receivables financing

	December 31	December 31
	2023	2022
Bank acceptance draft	123,050	63,639
	123,050	63,639

As at December 31, 2023, bank acceptance endorsed but not yet due amounts to 272,745 thousands RMB.

7. Prepayments

(1) The aging analysis of prepayments is as follows:

	December 31		December 31	
	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (inclusive)	290,540	95	327,809	97
Over 1 year but within 2 years (inclusive)	11,818	4	11,047	3
Over 2 years but within 3 years (inclusive)	2,925	1	1,204	-
Over 3 years	600	-	1,042	-
	305,883	100	341,102	100

(2) Total of five largest prepayments by debtor at the end of the period:

	Amount	Percentage of prepayments (%)
December 31, 2023	89,682	29

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

8. Other Receivables

(1) Other receivables by nature

	<u>December 31</u> <u>2023</u>	<u>December 31</u> <u>2022</u>
Others	1,054,302	1,021,824
	<u>1,054,302</u>	<u>1,021,824</u>

a. Others breakdown by categories

	<u>December 31</u> <u>2023</u>	<u>December 31</u> <u>2022</u>
Subordinated note in respect of trade receivables	754,739	591,998
Trade receivables as part of securitization transactions not yet eliminated	139,862	193,532
Financial institutions	44,429	38,354
Other	154,080	242,688
Sub total	<u>1,093,110</u>	<u>1,066,572</u>
Provision for expected credit losses - other receivables	(38,808)	(44,748)
	<u>1,054,302</u>	<u>1,021,824</u>

b. Other receivables by aging

	<u>December 31</u> <u>2023</u>
Within 1 year (inclusive)	1,043,559
Over 1 year but within 2 years	14,043
Over 2 years but within 3 years	26,280
Over 3 years but within 4 years	986
Over 4 years but within 5 years	1,393
Over 5 years	6,849
	<u>1,093,110</u>

(2) Additions, recovery or reversal and written-off of provision for expected credit losses during the period:

	<u>Year ended</u> <u>December 31, 2023</u>
Balance as of January 1 2023,	44,748
Addition (written back) during the period	(5,922)
Write-off during the period	-
Exchange rate effect	(18)
Balance as of December 31, 2023	<u>38,808</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

8. Other Receivables – (cont'd)

(3) Five largest other receivables at December 31, 2023:

Name	Closing balance	Proportion of other re- ceivables (%)	Allowance of ex- pected credit losses
Party 1	754,739	69	-
Party 2	44,430	4	-
Party 3	6,991	1	-
Party 4	3,125	-	-
Party 5	3,074	-	-
Total	<u>812,359</u>	<u>74</u>	<u>-</u>

9. Inventories -

(1) Inventories by category:

	December 31, 2023		
	Book value	Provision for impair- ment	Carrying amount
Raw materials	3,062,950	20,940	3,042,010
Work in progress	1,834,185	6,277	1,827,908
Finished goods	8,089,285	368,489	7,720,796
Others	507,676	9,633	498,043
	<u>13,494,096</u>	<u>405,339</u>	<u>13,088,757</u>
	December 31, 2022		
	Book value	Provision for impair- ment	Carrying amount
Raw materials	4,341,176	20,939	4,320,237
Work in progress	2,410,883	5,952	2,404,931
Finished goods	9,954,831	237,337	9,717,494
Others	495,125	10,546	484,579
	<u>17,202,015</u>	<u>274,774</u>	<u>16,927,241</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

9. Inventories - (cont'd)

(2) Provision for impairment of inventories:

For the Year ended December 31, 2023

	<u>January 1, 2023</u>	<u>Provision</u>	<u>Reversal or write-off</u>	<u>Other</u>	<u>December 31, 2023</u>
Raw material	20,939	11,555	(12,085)	531	20,940
Work in progress	5,952	8,721	(8,449)	53	6,277
Finished goods	237,337	526,185	(402,255)	7,222	368,489
Others	10,546	1,295	(2,342)	134	9,633
	<u>274,774</u>	<u>547,756</u>	<u>(425,131)</u>	<u>7,940</u>	<u>405,339</u>

10. Other Current Assets

	<u>December 31 2023</u>	<u>December 31 2022</u>
Deductible VAT	667,550	679,428
Current tax assets	210,362	219,057
Short term investments	158,603	171,496
Others	47,199	59,707
	<u>1,083,714</u>	<u>1,129,688</u>

11. Long-Term Receivables

	<u>December 31 2023</u>	<u>December 31 2022</u>
Long term account receivables from sale of goods	68,752	82,510
	<u>68,752</u>	<u>82,510</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

12. Long-Term Equity Investments

(1) Long-term equity investments by category:

	December 31 2023	December 31 2022
Joint venture	1,437	2,110
Associate	30,037	24,258
	31,474	26,368

(2) Movements of long-term equity investments for the period are as follows:

	January 1, 2023	Investment income	Other Compre- hensive income	Declared dis- tribution of cash dividend	Balance at the end of the period
Joint ven- ture					
Investee A	2,110	176	6	(855)	1,437
Sub-total	2,110	176	6	(855)	1,437
Associate					
Investee B	24,258	6,160	2,412	(2,793)	30,037
Sub-total	24,258	6,160	2,412	(2,793)	30,037
Sub-total	26,368	6,336	2,418	(3,648)	31,474

13. Other equity investments

	December 31, 2023	December 31, 2022	Dividend received during 2023
Investment A	54,299	84,720	2,325
Investment B	75,905	71,840	10,417
Investment C	1,814	1,781	-
	132,018	158,341	12,742

Other equity investments are non-core businesses that are intended to be held in the foreseeable future.

Notes to the Financial Statements

V. Notes to the consolidated financial statements – (cont'd)

14. Fixed assets

	Land & Buildings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
Cost					
Balance as at January 1, 2023	4,240,658	16,516,306	166,587	438,542	21,362,093
Purchases	85,685	129,330	54,999	37,357	307,371
Transfer from construction in progress	264,157	1,455,337	1,835	12,166	1,733,495
Classification to Investment property	(20,125)	-	-	-	(20,125)
Disposals	(8,775)	(60,901)	(31,396)	(9,027)	(110,099)
Newly consolidated subsidiaries	-	3,483	270	478	4,231
Currency translation adjustment	64,858	239,804	5,035	11,673	321,370
Balance as at December 31, 2023	<u>4,626,458</u>	<u>18,283,359</u>	<u>197,330</u>	<u>491,189</u>	<u>23,598,336</u>
Accumulated depreciation					
Balance as at January 1, 2023	(1,791,373)	(9,815,859)	(74,448)	(342,199)	(12,023,879)
Charge for the period	(126,163)	(795,596)	(29,909)	(39,362)	(991,030)
Classification to Investment property	2,149	-	-	-	2,149
Disposals	3,785	51,689	26,150	8,827	90,451
Newly consolidated subsidiaries	-	(2,348)	(256)	(277)	(2,881)
Currency translation adjustment	(33,729)	(148,538)	(2,529)	(9,051)	(193,847)
Balance as at December 31, 2023	<u>(1,945,331)</u>	<u>(10,710,652)</u>	<u>(80,992)</u>	<u>(382,062)</u>	<u>(13,119,037)</u>
Provision for impairment					
Balance as at January 1, 2023	(132,663)	(251,190)	(1,107)	(1,070)	(386,030)
Charge for the period	(8,579)	(50,172)	(35)	(46)	(58,832)
Disposals	2,866	3,829	390	120	7,205
Currency translation adjustment	(1,036)	(482)	(5)	(6)	(1,529)
Balance as at December 31, 2023	<u>(139,412)</u>	<u>(298,015)</u>	<u>(757)</u>	<u>(1,002)</u>	<u>(439,186)</u>
Carrying amounts					
As at December 31, 2023	<u>2,541,715</u>	<u>7,274,692</u>	<u>115,581</u>	<u>108,125</u>	<u>10,040,113</u>
As at January 1, 2023	<u>2,316,622</u>	<u>6,449,257</u>	<u>91,032</u>	<u>95,273</u>	<u>8,952,184</u>

The lands reported as fixed assets are owned by the group subsidiaries and are located outside of China.

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

15. Construction in Progress

(1) Construction in progress

December 31 2023			December 31 2022		
Book value	Provision for im- pairment	Carrying amount	Book value	Provision for im- pairment	Carrying amount
2,829,054	(321,726)	2,507,328	3,079,882	(118,481)	2,961,401

(2) Details and Movements of major construction projects in progress during period ended December 31, 2023

	Budget	January 1, 2023	Additions	Including: Interest capitalized	Currency translation differences	Transfer to fixed assets	Impairment	December 31, 2023	Actual cost to budget (%)	Project progress (%)	Source of funds
Project A	837,385	542,618	252,317	10,904	-	(674,178)	-	120,757	97%	97%	Bank loan
Project B	708,072	531,817	130,084	41,732	9,765	-	-	671,666	95%	95%	Internal finance
Project C	381,495	333,514	34,113	-	3,718	(371,345)	-	-	100%	100%	Internal finance
Project D	180,674	74,523	3,519	-	-	(39,127)	-	38,915	87%	87%	Internal finance
Project E	949,082	352,422	248,028	29,803	7,402	-	-	607,852	64%	64%	Internal finance
Project F	-	212,586	319	-	-	(3,686)	(199,218)	10,001	-	-	Internal finance

* As of December 31, 2023 Project A, Project D and Project F are include impairment of RMB 14 million, 35 million and 225 million , respectively.

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

16. Right-of-use assets

	Land & Build- ings	Machinery & equipment	Motor vehicles	Office & other equipment	Total
Cost					
Balance as at January 1, 2023	593,790	46,364	294,122	3,858	938,134
Additions	152,215	4,110	93,265	594	250,184
Decrease	(47,835)	(301)	(71,074)	(358)	(119,568)
Currency translation adjustment	28,329	844	6,283	63	35,519
Balance as at December 31, 2023	<u>726,499</u>	<u>51,017</u>	<u>322,596</u>	<u>4,157</u>	<u>1,104,269</u>
Accumulated depreciation					
Balance as at January 1, 2023	(221,223)	(23,108)	(136,165)	(1,749)	(382,245)
Charge for the period	(96,313)	(6,627)	(94,602)	(725)	(198,267)
Decrease	44,702	294	66,358	137	111,491
Currency translation adjustment	(6,258)	(334)	(3,363)	(58)	(10,013)
Balance as at December 31, 2023	<u>(279,092)</u>	<u>(29,775)</u>	<u>(167,772)</u>	<u>(2,395)</u>	<u>(479,034)</u>
Provision for impairment					
Balance as at January 1, 2023	-	-	-	-	-
Balance as at December 31, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amounts					
As at December 31, 2023	<u>447,407</u>	<u>21,242</u>	<u>154,824</u>	<u>1,762</u>	<u>625,235</u>
As at January 1, 2023	<u>372,567</u>	<u>23,256</u>	<u>157,957</u>	<u>2,109</u>	<u>555,889</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

17. Intangible Assets

	Product registra- tion	Intangible assets on Purchase of Products	Software	Marketing rights, trade- name and trade- marks	Customers rela- tions	Land use rights ⁽¹⁾	Others ⁽²⁾	Total
Costs								
Balance as at January 1, 2023	12,204,376	4,182,457	1,216,249	794,577	578,572	510,272	588,585	20,075,088
Newly consolidated subsidiaries	6,418	-	-	30,070	52,182	-	-	88,670
Purchases	539,543	-	168,812	-	-	517	43,391	752,263
Currency translation adjustment	231,021	70,917	21,139	15,735	11,569	655	7,190	358,226
Disposal	(21,147)	-	(8,836)	-	-	(4,427)	-	(34,410)
Balance as at December 31, 2023	12,960,211	4,253,374	1,397,364	840,382	642,323	507,017	639,166	21,239,837
Accumulated amortization								
Balance as at January 1, 2023	(9,525,327)	(3,125,941)	(732,640)	(524,730)	(312,019)	(95,570)	(262,984)	(14,579,211)
Charge for the period	(527,003)	(167,213)	(95,765)	(27,808)	(46,106)	(10,340)	(22,483)	(896,718)
Currency translation adjustment	(180,329)	(53,994)	(13,503)	(10,168)	(6,903)	(1,684)	(4,383)	(270,964)
Disposal	2,208	-	8,815	-	-	681	-	11,704
Balance as at December 31, 2023	(10,230,451)	(3,347,148)	(833,093)	(562,706)	(365,028)	(106,913)	(289,850)	(15,735,189)
Provision for impairment								
Balance as at January 1, 2023	(95,951)	(56,601)	(49)	-	-	(272)	(250)	(153,123)
Charge for the period	(7,989)	(21,566)	-	-	-	-	(1,368)	(30,923)
Currency translation adjustment	(1,547)	(770)	-	-	-	(4)	-	(2,321)
Balance as at December 31, 2023	(105,487)	(78,937)	(49)	-	-	(276)	(1,618)	(186,367)
Carrying amount								
As at December 31, 2023	2,624,273	827,289	564,222	277,676	277,295	399,828	347,698	5,318,281
As at January 1, 2023	2,583,098	999,915	483,560	269,847	266,553	414,430	325,351	5,342,754

- (1) Include land parcel in Israel that has not yet been registered in the name of the Group subsidiaries at the Land Registry Office, mostly due to registration procedures or technical problems.
(2) Mainly non-compete and exclusivity agreements.

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

18. Goodwill

Changes in goodwill

The Group allocates goodwill to two cash generating units ("CGU"), Crop Protection (Agro) and a non-core activity included in the Intermediates and ingredients segment. At the end of the year, or more frequently whether indicators for impairment exists, the Group estimates the recoverable amount of each CGU for which goodwill has been allocated to using the DCF model, based on:

- The actual results of 2023, 2024 workplan and the forecast results for the next 4 years.
- The discount rate (9% WAAC) based on the company's cost of equity and cost of debt, taking into account the comprehensive risk factors.
- The annual growth rate (1.5%) based on the management projections and market expectations.

The carrying amount of goodwill is mainly allocated to Agro units. Total amount of goodwill allocated to the Agro units amounts to RMB 4,931 thousand. The goodwill allocated to non-core CGU is not significant.

As of December 31, 2023 the value in use of the cash generating units to which goodwill has been allocated to exceeds its carrying amount.

	January 1, 2023	Change dur- ing the year	Currency translation adjustment	Balance at De- cember 31, 2023
Book value	4,805,157	113,075	83,306	5,001,538
Impairment provision	-	-	-	-
Carrying amount	<u>4,805,157</u>	<u>113,075</u>	<u>83,306</u>	<u>5,001,538</u>

19. Deferred Tax Assets and Deferred Tax Liabilities

(1) Deferred tax assets without taking into consideration of the offsetting of balances within the same tax jurisdiction

	December 31 2023		December 31 2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Deferred tax assets in respect of carry forward losses	3,544,797	775,364	1,568,088	256,749
Deferred tax assets in respect of inventories	2,387,244	643,527	2,402,900	689,062
Deferred tax assets in respect of employee benefits	829,840	132,616	1,005,874	166,264
Other deferred tax asset	2,161,309	521,143	2,030,651	545,937
	<u>8,923,190</u>	<u>2,072,650</u>	<u>7,007,513</u>	<u>1,658,012</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

19. Deferred Tax Assets and Deferred Tax Liabilities - (cont'd)

(2) Deferred tax liabilities without taking into consideration of the offsetting of balances within the same tax jurisdiction

	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>		<u>2022</u>	
	<u>Taxable</u>		<u>Taxable</u>	
	<u>temporary</u>	<u>Deferred tax</u>	<u>temporary</u>	<u>Deferred tax</u>
	<u>differences</u>	<u>liabilities</u>	<u>differences</u>	<u>liabilities</u>
Deferred tax liabilities				
Deferred tax liabilities in respect of fixed assets, intangible assets and right-of-use assets	4,159,172	768,112	3,430,096	626,610
	<u>4,159,172</u>	<u>768,112</u>	<u>3,430,096</u>	<u>626,610</u>

(3) Deferred tax assets and deferred tax liabilities presented on a net basis after offsetting

	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>		<u>2022</u>	
	<u>The offset</u>		<u>The offset</u>	
	<u>amount of</u>	<u>Deferred tax</u>	<u>amount of de-</u>	<u>Deferred tax</u>
	<u>deferred tax</u>	<u>assets or lia-</u>	<u>ferred tax as-</u>	<u>assets or lia-</u>
	<u>assets and li-</u>	<u>abilities after</u>	<u>sets and liabili-</u>	<u>ties after offset</u>
	<u>abilities</u>	<u>offset</u>	<u>ties</u>	<u>ties</u>
Presented as:				
Deferred tax assets	471,009	1,601,641	310,749	1,347,263
Deferred tax liabilities	<u>471,009</u>	<u>297,103</u>	<u>310,749</u>	<u>315,861</u>

(4) Details of unrecognized deferred tax assets

	<u>December 31</u>	<u>December 31</u>
	<u>2023</u>	<u>2022</u>
Deductible temporary differences	803,476	518,542
Deductible losses carry forward	1,819,005	229,672
	<u>2,622,481</u>	<u>748,214</u>

(5) Expiration of deductible tax losses carry forward for unrecognized deferred tax assets

	<u>December 31</u>	<u>December 31</u>
	<u>2023</u>	<u>2022</u>
2023	-	1,713
2024	36,433	33,646
2025	6,389	6,282
2026	6,481	6,373
2027	170,968	7,724
After 2027	1,598,734	173,934
	<u>1,819,005</u>	<u>229,672</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

19. Deferred Tax Assets and Deferred Tax Liabilities - (cont'd)

(6) Unrecognized deferred tax liabilities

When calculating the deferred taxes, taxes that would have applied in the event of realizing investments in subsidiaries were not taken into account since it is the Company's intention to hold these investments and not realize them.

20. Other Non-Current Assets

	December 31	December 31
	2023	2022
Judicial deposits	207,027	154,273
Assets related to securitization	81,423	112,388
Advances in respect of non-current assets	18,003	174,035
Others	128,762	164,137
	435,215	604,833

21. Short-Term Loans

Short-term loans by category:

	December 31	December 31
	2023	2022
Unsecured loans	5,733,522	3,342,921
	5,733,522	3,342,921

22. Derivative financial liabilities

	December 31	December 31
	2023	2022
Economic hedge	590,442	490,496
Accounting hedge derivatives	17,345	55,020
	607,787	545,516

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

23. Bills Payables

	December 31	December 31
	2023	2022
Post-dated checks payables	481,645	900,537
Note payables draft	131,862	214,238
	613,507	1,114,775

As at December 31, 2023, none of the bills payable are overdue.

24. Accounts payable

	December 31	December 31
	2023	2022
Within 1 year (including 1 year)	4,590,057	7,447,355
1-2 years (including 2 years)	23,467	59,671
2-3 years (including 3 years)	14,445	2,048
Over 3 years	21,764	18,195
	4,649,733	7,527,269

There are no significant accounts payables aging over one year.

25. Contract liabilities

	December 31	December 31
	2023	2022
Discount for customers	952,123	904,615
Advances from customers	562,242	871,958
	1,514,365	1,776,573

26. Employee Benefits Payable

	December 31	December 31
	2023	2022
Short-term employee benefits	500,932	1,027,543
Post-employment benefits	60,438	33,317
Share based payment (See note XIII)	18,401	76,875
Other benefits within one year	200,144	204,794
	779,915	1,342,529
Current maturities	67,124	28,257
	847,039	1,370,786

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

27. Taxes Payable

	December 31	December 31
	2023	2022
Corporate income tax	197,983	240,672
VAT	179,471	187,066
Others	29,776	31,836
	407,230	459,574

28. Other Payables

	December 31	December 31
	2023	2022
Dividends payables	750	750
Other payables	1,468,569	1,610,532
	1,469,319	1,611,282

(1) Other payables

	December 31	December 31
	2023	2022
Accrued expenses	721,034	758,158
Hold-back payment due to acquisitions	131,000	254,000
Payables in respect of intangible assets	115,214	106,510
Financial institutions	50,032	-
Liability in respect of securitization transactions	32,368	79,619
Others	418,921	412,245
	1,468,569	1,610,532

29. Non-Current Liabilities Due Within One Year

Non-current liabilities due within one year by category are as follows:

	December 31	December 31
	2023	2022
Long-term loans due within one year	1,552,217	1,539,496
Debentures payable due within one year	576,638	565,658
Lease liabilities due within one year	169,033	156,977
	2,297,888	2,262,131

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

30. Other Current Liabilities

	December 31	December 31
	2023	2022
Put options to holders of non-controlling interests	468,514	507,483
Provision in respect of returns	271,629	158,173
Provision in respect of claims	13,294	37,769
Others	390	369
	753,827	703,794

31. Long-Term Loans

Long-term loans by category

	December 31		December 31	
	2023	Interest range	2022	Interest range
Long term loans				
Guaranteed loans	383,795	3.55%-3.75%	404,841	2.92%-3.75%
Unsecured loans	4,054,361	1.73%-9.28%	4,797,525	1.73%-7.67%
Total Long term loans	4,438,156		5,202,366	
Less:				
Long term loans from banks due within 1 year	(1,552,217)		(1,539,496)	
Long term loans, net	2,885,939		3,662,870	

* For more details regarding the guaranteed loans – see note X. related parties and related parties transactions.

For the maturity analysis, see note VIII.C - Liquidity risk.

32. Debentures Payable

	December 31	December 31
	2023	2022
Debentures Series B	7,496,061	7,919,169
Current maturities	(576,638)	(565,658)
	6,919,423	7,353,511
		December 31
		2023
First year (current maturities)		576,638
Second year		576,638
Third year		576,638
Fourth year		576,638
Fifth year and thereafter		5,189,509
		7,496,061

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

32. Debentures Payable - (cont'd)

Movements of debentures payable:

For the year ended December 31, 2023:

<u>Maturity period</u>	<u>Face value in RMB</u>	<u>Face value NIS</u>	<u>Issuance date</u>	<u>Maturity period</u>	<u>Issuance amount</u>	<u>Balance at January 1, 2023</u>	<u>Amortization of discounts or premium</u>	<u>CPI and exchange rate effect</u>	<u>Repayment during the period</u>	<u>Currency translation adjustment</u>	<u>Balance at December 31, 2023</u>
Debentures Series B	2,673,640	1,650,000	4.12.2006	November 2020-2036	3,043,742	3,321,071	232	10,116	(240,845)	54,627	3,145,201
Debentures Series B	843,846	513,527	16.1.2012	November 2020-2036	842,579	996,237	10,698	2,632	(78,794)	16,559	947,332
Debentures Series B	995,516	600,000	7.1.2013	November 2020-2036	1,120,339	1,231,947	4,634	3,320	(92,066)	20,421	1,168,256
Debentures Series B	832,778	533,330	1.2.2015	November 2020-2036	1,047,439	1,151,945	(2,852)	3,163	(81,840)	19,024	1,089,440
Debentures Series B	418,172	266,665	1-6.2015	November 2020-2036	556,941	625,358	(7,719)	1,768	(40,916)	10,258	588,749
Debentures Series B	497,989	246,499	5.5.2020	November 2020-2036	692,896	592,611	(9,106)	1,689	(37,821)	9,710	557,083
						<u>7,919,169</u>	<u>(4,113)</u>	<u>22,688</u>	<u>(572,282)</u>	<u>130,599</u>	<u>7,496,061</u>

Series B debentures, in amount of NIS 3,810 million par value (3,730 million par value, net of self-purchased), linked to the CPI and bear interest at the base annual rate of 5.15%. The debenture principal shall be repaid in 17 equal payments in the years 2020 through 2036.

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

33. Lease liabilities

	December 31		December 31	
	2023	Interest range	2022	Interest range
Lease liabilities	664,492	1.1%-15.3%	588,053	1.1%-9.1%
Less: Lease liabilities due within one year	(169,033)		(156,977)	
Long term lease liabilities, net	495,459		431,076	

34. Long-Term Employee Benefits Payable

Post-employment benefit plans – defined benefit plan and early retirement

	December 31	December 31
	2023	2022
Total present value of obligation	525,316	566,550
Less: fair value of plan's assets	(59,884)	(70,001)
Net liability related to Post-employment benefits	465,432	496,549
Termination benefits	67,853	65,782
Total recognized liability for defined benefit plan, net (1)	533,285	562,331
Other long-term employee benefits	205,369	258,079
Total long-term employee benefits, net	738,654	820,410
Including: Long-term employee benefits payable due within one year	67,124	28,257
	671,530	792,153

(1) Movement in the net liability and assets in respect of defined benefit plans, early retirement and their components

	Defined benefit obligation and early retirement		Fair value of plan's assets		Total	
	2023	2022	2023	2022	2023	2022
	Balance as at January 1, 2023	632,332	779,671	70,001	86,282	562,331
Expense/income recognized in profit and loss:						
Current service cost	24,914	25,954	-	-	24,914	25,954
Past service cost	1,782	-	1,782	-	-	-
Interest costs	22,214	16,684	2,761	1,949	19,453	14,735
Losses on curtailments and settlements	27,611	6,098	-	-	27,611	6,098
Changes in exchange rates	(13,025)	(74,599)	(2,000)	(10,222)	(11,025)	(64,377)
Actuarial losses due to early retirement	662	(1,087)	-	-	662	(1,087)
Included in other comprehensive income:						
Actuarial gain (losses) as a result of changes in actuarial assumptions	(9,337)	(97,666)	(880)	(5,672)	(8,457)	(91,994)
Foreign currency translation differences in respect of foreign operations	10,760	57,646	1,107	6,776	9,653	50,870
Additional movements:						
Benefits paid	(96,850)	(80,369)	(15,993)	(12,587)	(80,857)	(67,782)
Classification to termination	(7,894)	-	-	-	(7,894)	-
Contributions paid by the Group	-	-	3,106	3,475	(3,106)	(3,475)
Balance as at December 31, 2023	593,169	632,332	59,884	70,001	533,285	562,331

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

34. Long-Term Employee Benefits Payable - (cont'd)

Post-employment benefit plans – defined benefit plan and early retirement - (cont'd)

(2) Actuarial assumptions and sensitivity analysis

The principal actuarial assumptions at the reporting date for defined benefit plan

	<u>December 31</u> <u>2023</u>	<u>December 31</u> <u>2022</u>
Discount rate (%)*	2.6%-2.8%	1.7%-3.0%

* According to the demographic and the benefit components.

The assumptions regarding the future mortality rate are based on published statistical data and acceptable mortality rates.

Possible reasonable changes as of the date of the report in the discount rate, assuming the other assumptions remain unchanged, would have affected the defined benefit obligation as follows:

	<u>As of December 31, 2023</u>	
	<u>Increase of 1%</u>	<u>Decrease of 1%</u>
Change in defined benefit obligation	(43,840)	53,027

35. Provisions

	<u>December 31</u> <u>2023</u>	<u>December 31</u> <u>2022</u>
Liabilities in respect of contingencies*	182,172	149,187
Provision in respect of site restoration	62,889	65,291
Long-term liability in respect of business combinations	52,929	5,182
Other	1,261	2,521
	<u>299,251</u>	<u>222,181</u>

* Liabilities in respect of contingencies includes obligations of pending litigations, where an outflow of resources had been reliably estimated.

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

36. Other Non-Current Liabilities

	December 31 2023	December 31 2022
Put options to holders of non- controlling interests	566,433	907,644
Long term loans – others	2,354,133	348,231
	2,920,566	1,255,875
Current maturities	-	-
	2,920,566	1,255,875

37. Share Capital

	Balance at Janu- ary 1, 2023	Issuance of new shares	Buyback of shares	Balance at December 31, 2023
Share capital	2,329,812	-	-	2,329,812
	2,329,812	-	-	2,329,812

38. Capital Reserve

	Balance at Janu- ary 1, 2023	Additions during the period	Reductions during the period	Balance at December 31, 2023
Share premiums	12,606,562	-	-	12,606,562
Other capital reserve	379,771	-	(35,869)	343,902
	12,986,333	-	(35,869)	12,950,464
	12,986,333	-	(35,869)	12,950,464

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

39. Other Comprehensive Income, net of tax

	Attributable to shareholders of the company					Balance at December 31, 2023
	Balance at January 1, 2023	Before tax amount	Less: transfer to profit or loss	Less: Income tax expenses	Net-of-tax amount	
Items that will not be re-classified to profit or loss	101,370	(21,964)	-	(3,539)	(18,425)	82,945
Re-measurement of changes in liabilities under defined benefit plans	46,838	8,457	-	1,025	7,432	54,270
Changes in fair value of other equity investment	54,532	(30,421)	-	(4,564)	(25,857)	28,675
Items that may be reclassified to profit or loss	979,220	553,331	(65,494)	5,094	613,731	1,592,951
Effective portion of gain or loss of cash flow hedge	(41,369)	(20,670)	(65,494)	5,094	39,730	(1,639)
Translation difference of foreign financial statements	1,020,589	574,001	-	-	574,001	1,594,590
	<u>1,080,590</u>	<u>531,367</u>	<u>(65,494)</u>	<u>1,555</u>	<u>595,306</u>	<u>1,675,896</u>

40. Surplus reserve

	Balance at January 1, 2023	Additions during the period	Reductions during the period	Balance at December 31, 2023
Statutory surplus reserve	238,684	31,119	-	269,803
Discretionary surplus reserve	3,814	-	-	3,814
	<u>242,498</u>	<u>31,119</u>	<u>-</u>	<u>273,617</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

41. Retained Earnings

	2023	2022
Retained earnings as at January 1	6,469,604	5,940,465
Net profits (loss) for the period attributable to shareholders of the Company	(1,605,887)	609,391
Appropriation to statutory surplus reserve	(31,119)	(2,336)
Dividends to non-controlling Interest	(91,602)	(59,278)
Dividend to the shareholders of the company (Note 1 & 2)	(62,905)	(18,638)
Retained earnings as at December 31	4,678,091	6,469,604

Note 1:

On March 29, 2022, after obtaining the approval of the 9th meeting of the Company's 9th Board of Directors, the Company declared RMB 0.08 (before tax) per 10 shares as cash dividend to all shareholders, resulting in a total cash dividend of 18,638 thousand RMB (before tax). No shares were distributed as share dividend and no reserve was transferred to equity capital.

Note 2:

On March 19, 2023, after obtaining the approval of the 19th meeting of the Company's 9th Board of Directors, the Company declared RMB 0.27 (before tax) per 10 shares as cash dividend to all shareholders, resulting in a total cash dividend of 62,905 thousand RMB (before tax). No shares were distributed as share dividend and no reserve was transferred to equity capital.

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

42. Operating Income and Cost of Sales

	Year ended December 31		Year ended December 31	
	2023		2022	
	Income	Cost of sales	Income	Cost of sales
Principal activities	32,730,388	25,962,899	37,305,373	27,948,254
Other businesses	49,068	21,209	76,542	36,712
	<u>32,779,456</u>	<u>25,984,108</u>	<u>37,381,915</u>	<u>27,984,966</u>

43. Taxes and Surcharges

	Year ended December 31	
	2023	2022
Tax on turnover	40,979	36,202
Others	68,031	74,212
	<u>109,010</u>	<u>110,414</u>

44. Selling and Distribution Expenses

	Year ended December 31	
	2023	2022
Salaries and related expense	1,858,970	1,991,542
Depreciation and amortization	950,863	1,012,132
Advertising and sales promotion	341,620	356,079
Warehouse expenses	184,531	155,427
Registration	152,301	158,590
Travel expenses	138,072	144,917
Professional services	117,064	115,163
Insurance	109,577	114,650
Others	355,110	347,779
	<u>4,208,108</u>	<u>4,396,279</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

45. General and Administrative Expenses

	Year ended December 31	
	2023	2022
Salaries and related expenses	455,343	807,438
IT systems	134,787	126,803
Professional services	129,064	124,159
Depreciation and amortization	114,722	103,209
Cost contribution arrangement	72,858	74,845
Office rent, maintenance and expenses	44,799	48,307
Other	105,837	122,067
	1,057,410	1,406,828

46. Research and development expenses

	Year ended December 31	
	2023	2022
Salaries and related expenses	230,748	256,060
Depreciation and amortization	79,173	78,647
Professional services	38,598	47,293
Materials	35,575	82,750
Field trial	35,124	45,326
Office rent, maintenance and expenses	13,025	12,738
Other	50,511	55,045
	482,754	577,859

47. Financial expenses (incomes), net

	Year ended December 31	
	2023	2022
Interest expenses on debentures and loans and other charges	1,147,484	782,812
Loss in respect of sale of trade receivables	283,076	226,575
CPI expenses in respect of debentures	260,063	409,078
Revaluation of put option, net	(313,216)	(121,172)
Interest income from customers, banks and others	(368,990)	(180,619)
Exchange rate differences, net	55,459	(881,634)
Interest expense on lease liabilities	34,909	25,755
Interest expense in respect of post-employment benefits and early retirement, net	22,462	18,141
Others	61,871	46,860
	1,183,118	325,796

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

48. Investment income, net

	Year ended December 31	
	2023	2022
Income from long-term equity investments accounted for using the equity method	6,336	10,358
Other	12,742	2,325
	19,078	12,683

49. Gain (loss) from Changes in Fair Value

	Year ended December 31	
	2023	2022
Loss from changes in fair value of derivative financial Instruments	(804,818)	(1,504,067)
Others	154,444	(765)
	(650,374)	(1,504,832)

50. Credit impairment reversal (losses)

	Year ended December 31	
	2023	2022
Bills receivable and accounts receivable	(60,375)	(60,978)
Other receivables	5,922	(30,689)
	(54,453)	(91,667)

51. Asset impairment losses

	Year ended December 31	
	2023	2022
Inventories	(256,893)	(156,392)
Fixed assets	(58,832)	(69,758)
Construction in progress	(203,245)	(88,617)
Intangible asset	(30,923)	(10,619)
	(549,893)	(325,386)

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

52. Gain from Disposal of Assets

	Year ended December 31		Included in non-recurring items
	2023	2022	
Gain from disposal of fixed assets	29,294	62,443	29,294
Loss from disposal of intangible assets	(9,615)	(2,847)	(9,615)
	<u>19,679</u>	<u>59,596</u>	<u>19,679</u>

53. Income Tax Expenses

	Year ended December 31	
	2023	2022
Current year	422,601	690,601
Deferred tax expenses (income)	(267,749)	(633,071)
Adjustments for previous years, net	46,125	89,912
	<u>200,977</u>	<u>147,442</u>

(1) Reconciliation between income tax expense and accounting profit is as follows:

	Year ended December 31	
	2023	2022
Profit before taxes (loss)	(1,404,910)	756,833
Statutory tax in china	25%	25%
Tax calculated according to statutory tax in china	(351,228)	189,208
Tax benefits from Approved Enterprises	(33,487)	(85,909)
Difference between measurement basis of income for financial statement and for tax purposes	(1,148)	32,110
Taxable income (loss) and temporary differences at other tax rate	11,082	(92,093)
Taxes in respect of prior years	46,125	89,912
Utilization of tax losses prior years for which deferred taxes were not created	(42,896)	(43,008)
Temporary differences and losses in the report year for which deferred taxes were not created	302,002	62,664
Non-deductible expenses, non-taxable income and other difference, net	(19,402)	(16,474)
Neutralization of tax calculated in respect of the Company's share in results of equity accounted investees	(2,051)	(3,495)
Effect of change in tax rate in respect of deferred taxes	200,538	25,480
Creation and reversal of deferred taxes for tax losses and temporary differences from previous years	91,442	(10,953)
Income tax expenses	<u>200,977</u>	<u>147,442</u>

54. Other comprehensive income

Details of the Other comprehensive income are set out in Note V.39

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

55. Government grants

Category	Presentation accounts	Amount recognized in the profit and loss statements during the year ended December 31	
		2023	2022
Government grants related to income	Non-Operating income	20,743	17,772
Government grants related to assets	Fixed assets, Intangible assets	14,805	18,611

56. Notes to items in the cash flow statements

(1) Cash received relating to other operating activities

	Year ended December 31	
	2023	2022
Derivatives transactions	63,167	324,320
Financial institutions	124,993	272,770
Interest income	255,440	103,779
Government subsidies	30,526	20,430
Others	216,555	83,278
	690,681	804,577

(2) Cash paid relating to other operating activities

	Year ended December 31	
	2023	2022
Derivatives transactions	430,629	535,277
Financial institutions	121,234	307,717
Advertising and sales promotion	323,675	333,890
Professional services	305,555	242,072
Commissions and Warehouse	232,285	161,142
IT and Communication	228,792	232,517
Registration and Field trials	164,877	178,793
Insurance	176,239	145,518
Travel	125,173	151,335
Others	900,331	847,780
	3,008,790	3,136,041

(3) Cash received relating to other investing activities

	Year ended December 31	
	2023	2022
Investment grant	35,659	-
Dividend received from other equity investment	2,325	2,325
	37,984	2,325

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

56. Notes to items in the cash flow statements - (cont'd)

(4) Cash paid relating to other investing activities

	Year ended December 31	
	2023	2022
Increase in short and long term investments	123,484	78,008
Increase in securitization facility	-	51,936
	123,484	129,944

(5) Cash received from other financing activities

	Year ended December 31	
	2023	2022
Borrowing from related party *	3,393,370	685,150
Deposit for issuing bills payables	97,625	164,586
	3,490,995	849,736

* For more details regarding the borrowing from related party – see note X. related parties and related parties transactions.

(6) Cash paid relating to other financing activities

	Year ended December 31	
	2023	2022
Payment in respect of hedging transactions on debentures	922,137	1,073,463
Repayment of lease liability	175,761	162,190
Realization of Call option	116,938	-
Deposit for issuing bills payable	55,887	170,939
	1,270,723	1,406,592

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

57. Supplementary Information on Cash Flow Statement

(1) Supplementary information on Cash Flow Statement

a. Reconciliation of net profit to cash flows from operating activities:

	Year ended December 31	
	2023	2022
Net profit (loss)	(1,605,887)	609,391
Add: Impairment provisions for assets	549,893	325,386
Credit impairment losses	54,453	91,667
Depreciation of fixed assets and investment property	992,670	1,007,191
Depreciation of right-of-use asset	198,267	174,796
Amortization of intangible asset	896,718	954,686
Gains on disposal of fixed assets, intangible assets, and other long-term assets, net	(19,679)	(59,596)
Losses from changes in fair value	650,374	1,504,832
Financial expenses	797,390	69,669
Investment income, net	(19,078)	(12,683)
Increase in deferred tax assets, net	(222,426)	(558,878)
Decrease in deferred tax liabilities, net	(45,323)	(74,193)
Decrease (increase) in inventories, net	4,136,612	(4,203,112)
Decrease (increase) in operating receivables, net	442,429	(975,103)
Increase (decrease) in operating payables, net	(4,171,065)	2,133,585
Others	(17,471)	(46,893)
Net cash flow from operating activities	2,617,877	940,745

b. Net increase (decrease) in cash and cash equivalents

	Year ended December 31	
	2023	2022
Closing balance of cash and cash equivalents	4,857,358	4,225,253
Less: Opening balance of cash and cash equivalents	4,225,253	5,759,480
Increase (decrease) in cash and cash equivalents	632,105	(1,534,227)

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

57. Supplementary Information on Cash Flow Statement - (cont'd)

(2) Details of cash and cash equivalents

	December 31	December 31
	2023	2022
Cash on hand	820	785
Bank deposits available on demand without restrictions	4,856,538	4,224,468
	4,857,358	4,225,253

58. Assets with Restricted Ownership or Right of Use

	December 31	Reason
	2023	
Cash	23,970	Pledged
Other non-current assets	207,027	Guarantees
	230,997	

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

59. Foreign currencies denominated items

(1) Foreign currencies denominated items

As at December 31, 2023			
	Foreign currency at the end of the pe- riod	Exchange rate	RMB at the end of the period
Cash and bank balances			
BRL	518,456	1.463	758,501
CNY	351,628	1.000	351,628
EUR	43,800	7.834	343,129
ILS	65,734	1.953	128,378
PLN	64,683	1.800	116,429
USD	10,325	7.083	73,130
ARS	7,432,900	0.009	66,896
TRY	244,985	0.241	59,041
ZAR	149,316	0.382	57,039
GBP	5,547	9.024	50,054
RON	30,215	1.575	47,589
RUB	472,300	0.079	37,312
Other			173,789
Total			2,262,915
Bills and Accounts receivable			
BRL	668,015	1.463	977,306
EUR	72,897	7.834	571,079
TRY	1,085,652	0.241	261,642
RON	119,668	1.575	188,478
CAD	34,792	5.349	186,105
ZAR	485,017	0.382	185,276
USD	21,838	7.083	154,669
THB	445,834	0.207	92,288
IDR	202,068	0.4567	92,288
PLN	34,765	1.800	62,576
RUB	789,049	0.079	62,335
HUF	2,622,016	0.020	52,440
GBP	33,14	9.024	29,906
CZK	62,113	0.317	19,690
ILS	24,80	1.953	4,844
Other			228,947
Total			3,169,869
Other receivables			
EUR	33,279	7.834	260,704
GBP	14,769	9.024	133,279
ILS	37,194	1.953	72,639
BRL	26,554	1.463	38,849
Other			13,572
Total			519,043

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

59. Foreign currencies denominated items - (cont'd)

(1) Foreign currencies denominated items - (cont'd)

	As at December 31, 2023		
	<u>Foreign currency at the end of the period</u>	<u>Exchange rate</u>	<u>RMB at the end of the period</u>
Other current assets			
BRL	125,174	1.463	183,130
ARS	17,622,545	0.009	158,603
ILS	31,019	1.953	60,581
EUR	7,650	7.834	59,931
Other			193,083
Total			<u>655,328</u>
Long-term receivables			
BRL	46,994	1.463	68,752
Total			<u>68,752</u>
Other non-current assets			
BRL	186,668	1.463	273,095
Other			19,445
Total			<u>292,540</u>
Short-term loans			
TRY	207,456	0.241	49,997
ARS	3,824,658	0.009	34,422
UAH	60,165	0.186	11,191
Other			2,020
Total			<u>97,630</u>
Bills and Accounts payable			
ILS	655,382	1.953	1,279,961
EUR	52,622	7.834	412,238
BRL	166,799	1.463	244,027
USD	10,137	7.083	71,795
Other			228,047
Total			<u>2,236,068</u>
Other payables			
ILS	75,297	1.953	147,055
BRL	89,795	1.463	131,370
EUR	11,445	7.834	89,660
ILS CPI	16,407	1.953	32,042
Other			125,760
Total			<u>525,887</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

59. Foreign currencies denominated items - (cont'd)

(1) Foreign currencies denominated items - (cont'd)

	As at December 31, 2023		
	<u>Foreign currency at the end of the period</u>	<u>Exchange rate</u>	<u>RMB at the end of the period</u>
Contract liabilities			
EUR	46,457	7.834	363,945
BRL	56,676	1.463	82,917
Other			222,170
Total			<u>669,032</u>
Non-current liabilities due within one year			
ILS CPI	305,793	1.953	597,213
EUR	58,196	7.834	455,910
Other			69,028
Total			<u>1,122,151</u>
Other current liabilities			
EUR	5,696	7.834	44,624
BRL	10,511	1.463	15,377
Other			2,954
Total			<u>62,955</u>
Long-term loan			
EUR	3,000	7.834	23,501
Total			<u>23,501</u>
Debentures payable			
ILS CPI	3,542,971	1.953	6,919,423
Total			<u>6,919,423</u>
Provision and Long-term payables			
BRL	110,830	1.463	162,144
NZD	11,174	4.456	49,791
EUR	372	7.834	2,918
Total			<u>214,853</u>
Other non-current liabilities and lease liabilities			
CNY	2,000,000	1.000	2,000,000
USD	9,286	7.083	65,770
ILS CPI	30,844	1.953	60,238
EUR	6,565	7.834	51,427
Other			60,394
Total			<u>2,237,829</u>

Notes to the Financial Statements

V. Notes to the consolidated financial statements - (cont'd)

59. Foreign currencies denominated items - (cont'd)

(2) Major foreign operations

<u>Name of the Subsidiary</u>	<u>Registration & Principal place of business</u>	<u>Business nature</u>	<u>Functional currency</u>
ADAMA France S.A.S	France	Distribution	USD
ADAMA Brasil S/A	Brazil	Manufacturing; Distribution; Regis- tration	USD
ADAMA Deutschland GmbH	Germany	Distribution; Registration	USD
ADAMA India Private Ltd.	India	Manufacturing Distribution; Registration	INR
Makhteshim Agan of North America Inc.	United States	Manufacturing; Distribution; Regis- tration	USD
Control Solutions Inc.	United States	Manufacturing; Distribution; Regis- tration	USD
ADAMA Agan Ltd.	Israel	Manufacturing; Distribution; Regis- tration	USD
ADAMA Makhteshim Ltd.	Israel	Manufacturing; Distribution; Regis- tration	USD
ADAMA Australia Pty Limited	Australia	Distribution	AUD
ADAMA Italia SRL	Italy	Distribution	USD
ADAMA Northern Europe B.V.	Netherlands	Distribution	USD
Alligare LLC	United States	Manufacturing; Distribution; Registration	USD

The functional currency of the subsidiaries above is the main currency that represent the principal economic environment.

Notes to the Financial Statements

VI. Change in consolidation Scope

1. Business combinations involving enterprises not under common control

(1) Business combinations involving enterprises not under common control during current period

Name of the Company	Acquisition date	Total consideration of equity investment	Proportion of equity investment	Acquisition method	Basis of acquisition date determination	From acquisition date till period end		
						Revenue	Net profit	Cash flow
AgriNova New Zealand Ltd	05.01.2023	214,476	100%	Stock purchase	Obtained control	106,820	24,075	12,585

(2) Acquisition cost and goodwill

Acquisition costs	Total of AgriNova New Zealand Ltd
Total acquisition cost in cash	170,155
Contingent consideration	44,321
Less: share of the fair value of the identifiable net assets acquired	101,401
Goodwill	113,075

(3) Identifiable assets and liabilities of the acquiree, at acquisition date

	AgriNova New Zealand Ltd	
	Fair value at acquisition date 05.01.2023	Book value at acquisition date 05.01.2023
Assets:		
Cash and bank balances	21,695	21,695
Bills and Accounts receivable	8,066	8,066
Prepayments	903	903
Inventories	21,898	21,898
Fixed assets	1,350	1,350
Intangible assets	88,670	-
Deferred tax assets	2,354	2,354
Liabilities:		
Bills and Accounts payable	7,601	7,601
Employee benefits payable	1,273	1,273
Taxes payable	8,573	8,573
Other payables	452	452
Contract liabilities	807	807
Deferred tax liabilities	24,829	-
Net assets	101,401	37,560
Less: Non-controlling interests	-	-
Net assets acquired	101,401	37,560

Notes to the Financial Statements

VII. Interest in Other Entities

1. Interests in subsidiaries

Composition of the largest subsidiaries of the Group in respect of assets and operating income

Name of the Subsidiary	Registration & Principal place of business	Business nature	Direct	Indirect	Method of obtaining the subsidiary
ADAMA France S.A.S	France	Distribution		100%	Established
ADAMA Brasil S/A	Brazil	Manufacturing; Distribution; Registration		100%	Purchased
ADAMA Deutschland GmbH	Germany	Distribution; Registration;		100%	Established
ADAMA India Private Ltd.	India	Manufacturing; Distribution; Registration		100%	Established
Makhteshim Agan of North America Inc.	United States	Manufacturing; Distribution; Registration		100%	Established
Control Solutions Inc.	United States	Manufacturing; Distribution; Registration		67%	Purchased
ADAMA Agan Ltd.	Israel	Manufacturing; Distribution; Registration		100%	Restructure
ADAMA Makhteshim Ltd.	Israel	Manufacturing; Distribution; Registration		100%	Restructure
ADAMA Australia Pty Limited	Australis	Distribution		100%	Purchased
ADAMA Italia SRL	Italy	Distribution		100%	Established
ADAMA Northern Europe B.V.	Netherlands	Distribution		55%	Purchased
Alligare LLC	United States	Manufacturing; Distribution; Registration		100%	Purchased
Adama Anpon (Jiangsu) Ltd.	China	Manufacturing; Distribution	100%		Purchased
Adama Huifeng (Jiangsu) Co. Ltd.	China	Manufacturing; Distribution	51%		Purchased

2. Interests in joint ventures or associates

	December 31 2023	December 31 2022
Joint venture	1,437	2,110
Associate	30,037	24,258
	31,474	26,368

3. Summarized financial information of joint ventures and associates

	December 31, 2023 and twelve months then ended	December 31, 2022 and twelve months then ended
Joint venture:		
Total carrying amount	1,437	2,110
The Group's share of the following items:		
Net profit	176	531
Other comprehensive income	6	237
Total comprehensive income	182	768
Associate:		
Total carrying amount	30,037	24,258
The Group's share of the following items:		
Net profit	6,160	9,827
Other comprehensive income	2,412	2,456
Total comprehensive income	8,572	12,283

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments

A. General

The Group has extensive international operations, and, therefore, it is exposed to credit risks, liquidity risks and market risks (including currency risk, interest risk and other price risk). In order to reduce the exposure to these risks, the Group uses financial derivatives instruments, including forward transactions and options (hereinafter - “derivatives”).

Transactions in derivatives are undertaken with major financial institutions, and therefore, in the opinion of Group Management the credit risk in respect thereof is low.

This note provides information on the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes regarding the measurement and management of the risk. Additional quantitative disclosure is included throughout the consolidated financial statements.

The Board of Directors has overall responsibility for establishing and monitoring the framework of the Group's risk management policy. The Finance Committee is responsible for establishing and monitoring the Group's actual risk management policy. The Chief Financial Officer reports to the Finance Committee on a regular basis regarding these risks.

The Group’s risk management policy, established to identify and analyze the risks facing the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The policy and methods for managing the risks are reviewed regularly, in order to reflect changes in market conditions and the Group's activities. The Group, through training, and management standards and procedures, aims to develop a disciplined and constructive control environment in which all the employees understand their roles and obligations.

B. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and derives mainly from trade receivables and other receivables as well as from cash and deposits in financial institutions.

Accounts and other receivables

The Group’s revenues are derived from a large number of widely dispersed customers in many countries. Customers include multi-national companies and manufacturing companies, as well as distributors, agriculturists, agents and agrochemical manufacturers who purchase the products either as finished goods or as intermediate products for their own requirements.

The Company entered into an agreement for the sale of trade receivables in a securitization transaction, for details see note V.5.e. and f.

In June 2022, a two-years agreement with an international insurance company was renewed. The amount of the insurance coverage was fixed at \$150 million cumulative per year. The indemnification is limited to 90% of the debt.

The Group’s exposure to credit risk is influenced mainly by the personal characterization of each customer, and by the demographic characterization of the customer’s base, including the risk of insolvency of the industry and geographic region in which the customer operates.

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments - (cont'd)

B. Credit risk - (cont'd)

The Company management has prescribed a credit policy, whereby the Company performs current ongoing credit evaluations of existing and new customers, and every new customer is examined thoroughly regarding the quality of his credit, before offering him the Group's customary shipping and payment terms. The examination made by the Group includes an outside credit rating, if any, and in many cases, receipt of documents from an insurance company. A credit limit is prescribed for each customer, outstanding amount of the accounts receivable balance. These limits are examined annually. Customers that do not meet the Group's criteria for credit quality may do business with the Group on the basis of a prepayment or against furnishing of appropriate collateral.

Most of the Group's customers have been doing business with it for many years. In monitoring customer credit risk, the customers were grouped according to a characterization of their credit, based on geographical location, industry, aging of receivables, maturity, and existence of past financial difficulties. Customers defined as "high risk" are classified to the restricted customer list and are supervised by management. In certain countries, mainly, Brazil, customers are required to provide property collaterals (such as agricultural lands and equipment) against execution of the sales, the value of which is examined on a current ongoing basis by the Company. In these countries, in a case of expected credit risk, the Company records a provision for the amount of the debt less the value of the collaterals provided and acts to realize the collaterals.

The Group closely monitors the economic situation in Eastern Europe and in South America on an ongoing basis.

The Group recognizes an impairment provision, which reflects its assessment regarding the credit risk of account receivables, Other receivables and investments on a lifetime expected credit loss basis. See also notes III.10 – Financial instruments and III.11 – Receivables.

Cash and deposits in banks

The Company holds cash and deposits in banks with a high credit rating. These banks are also required to comply with capital adequacy or maintain a level of security based on different situations.

Guarantees

The Company's policy is to provide financial guarantees only to investee companies.

Aging of receivables and expected credit risk

Presented below is the aging of the past due trade receivables:

	December 31, 2023
Past due by less than 90 days	467,844
Past due by more than 90 days	535,904
	1,003,748

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments - (cont'd)

B. Credit risk - (cont'd)

The company measure the provision for credit losses on a collective group basis, where receivables share similar credit risk characteristics based on geographical locations. The examination for expected credit losses is performed using model including aging analysis and historical loss experiences, and adjusted by the observable factors reflecting current and expected future economic conditions.

When credit risk on a receivable has increased significantly since initial recognition, the group records specific provision or general provision which is determined for groups of similar assets in countries in which there are large number of customers with immaterial balances.

The Group has credit risk exposures for accounts receivables amounted to RMB 7,872,238 thousand relate to category of "Lifetime expected credit losses (credit losses has not occurred)" and amounted to RMB 660,966 thousand related to category of "Lifetime expected credit losses (credit losses occurred)". The Group has credit risk exposures for other receivables amounted to RMB 38,808 thousand related to category of "Lifetime expected credit losses (credit losses occurred)". The credit risk exposures for all remaining balance of financial assets at amortised cost and financial assets at FVTOCI are related to "12-month expected credit losses".

C. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligation when they come due. The Group's approach to managing its liquidity risk is to assure, to the extent possible, an adequate degree of liquidity for meeting its obligations timely, under ordinary conditions and under pressure conditions, without sustaining unwanted losses or hurting its reputation.

The cash-flow forecast is determined both at the level of the various entities as well as of the consolidated level. The Company examines the current forecasts of its liquidity requirements in order to ascertain that there is sufficient cash for the operating needs, including the amounts required in order to comply with the financial liabilities, while taking strict care that at all times there will be unused credit frameworks so that the Company will not exceed the credit frameworks granted to it and the financial covenants with which it is required to comply with. These forecasts take into consideration matters such as the Company's plans to use debt for financing its activities, compliance with required financial covenants, compliance with certain liquidity ratios and compliance with external requirements such as laws or regulation.

The surplus cash held by the Group subsidiaries, which is not required for financing the current ongoing operations, is invested in short-term interest-bearing investment channels.

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments - (cont'd)

C. Liquidity risk - (cont'd)

(1) Presented below are the contractual maturities of the financial liabilities at undiscounted amounts, including estimated interest payments:

	As at December 31, 2023					Contractual Cash flow	Carrying amount
	First year	Second year	Third- Fourth year	Fifth year and above			
Non-derivative financial liabilities							
Short-term loans	5,830,123	-	-	-	-	5,830,123	5,733,522
Bills payables	613,507	-	-	-	-	613,507	613,507
Accounts payables	4,649,733	-	-	-	-	4,649,733	4,649,733
Other payables	1,469,319	-	-	-	-	1,469,319	1,469,319
Other current liabilities	468,514	-	-	-	-	468,514	468,514
Debentures payable	928,776	931,184	1,773,444	6,512,245	10,145,649	7,496,061	7,496,061
Long-term loans	1,606,445	1,323,831	1,338,591	405,478	4,674,345	4,438,156	4,438,156
Long-term payables	7,023	12,993	24,742	98,165	142,923	97,840	97,840
Lease Liabilities	203,140	157,867	163,078	435,806	959,891	664,492	664,492
Long-term liability in respect of business combinations	-	59,880	2,709	-	62,589	52,929	52,929
Other non-current liabilities	65,562	737,418	2,465,991	-	3,268,971	2,920,566	2,920,566
Derivative financial liabilities							
Foreign currency derivatives	586,552	-	-	-	586,552	586,552	586,552
CPI/shekel forward transactions	21,235	-	-	-	21,235	21,235	21,235
	<u>16,449,929</u>	<u>3,223,173</u>	<u>5,768,555</u>	<u>7,451,694</u>	<u>32,893,351</u>	<u>29,212,426</u>	

D. Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, CPI, interest rates and prices of capital instruments, will affect the Group's revenues or the value of its holdings in its financial instruments. The objective of market risk management is to manage and monitor the exposure to market risks within acceptable parameters, while optimizing the return.

During the ordinary course of business, the Group purchases and sells derivatives and assumes financial liabilities for the purpose of managing market risks.

(1) CPI and foreign currency risks

Currency risk

The Group is exposed to currency risk from its sales, purchases, expenses and loans denominated in currencies that differ from the Group's functional currency. The main exposure is in Euro, Brazilian real, USD and in NIS. In addition, there are smaller exposures to various currencies such as the British pound, Polish zloty, Australian dollar, Indian rupee, Argentine peso, Canadian dollar, South African Rand, Ukraine Hryunia, the Turkish lira and Chinese Yuan Renminbi.

The Group uses foreign currency derivatives – forward transactions and currency options – in order to hedge the cash flows risk, which derive from existing monetary assets and liabilities and anticipated sales and purchases, which may be affected by exchange rate fluctuations.

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments - (cont'd)

D. Market risks - (cont'd)

(1) CPI and foreign currency risks - (cont'd)

The Group hedged a part of the estimated currency exposure to anticipate sales and purchases for the subsequent year. Likewise, the Group hedges most of its monetary assets and liabilities denominated in a non- U.S. dollar currency. The Group uses foreign currency derivatives to hedge its currency risk, mostly with maturity dates of less than one year from the reporting date.

Solutions debentures are linked to the NIS-CPI and, therefore, an increase in the NIS-CPI, as well as changes in the NIS exchange rate, could cause significant exposure with respect to the subsidiary functional currency – the U.S. dollar. As of the approval date of the financial statements, the subsidiary had hedged most of its exposure deriving from issuance of the debentures, in options and forward contracts.

(A) The Group's exposure to NIS-CPI and foreign currency risk is as follows:

	December 31, 2023	
	Total assets	Total liabilities
In US Dollar	2,381,653	1,604,729
In Euro	1,310,808	1,467,095
In Brazilian real	2,299,633	473,705
CPI-linked NIS	1,098	7,588,341
In New Israeli Shekel	268,375	1,455,269
Denominated in or linked to other foreign currency	4,243,366	2,905,766
	10,504,933	15,494,905

(B) The exposure to CPI and foreign currency risk in respect of derivatives is as follows:

	December 31, 2023					
	Cur- rency/link age receiv- able	Cur- rency/link age paya- ble	Average expiration date	USD thou- sands Par value	RMB thousands Par value	Fair value
Forward foreign currency Contracts and call options	USD	EUR	10/05/2024	121,443	860,141	(195,093)
	USD	PLN	17/01/2024	15,129	107,157	8,529
	USD	BRL	12/02/2024	196,599	1,392,453	(51,112)
	USD	GBP	16/01/2024	16,686	118,179	(3,361)
	USD	ZAR	21/01/2024	33,188	235,060	(4,039)
CPI forward contracts	ILS	USD	13/01/2024	1,227,827	8,696,329	639,786
	USD	OTHER		767,570	5,436,465	(137,063)
	CPI	ILS	04/07/2024	537,634	3,807,903	(15,297)

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments - (cont'd)

D. Market risks - (cont'd)

(1) CPI and foreign currency risks - (cont'd)

(C) Sensitivity analysis

The appreciation or depreciation of the Dollar against the following currencies as of December 31, 2023 and the increase or decrease in the CPI would increase (decrease) the equity and profit or loss by the amounts presented below. This analysis assumes that all the remaining variables, among others interest rates, remains constant.

	December 31, 2023			
	Decrease of 5%		Increase of 5%	
	Equity	Profit (loss)	Equity	Profit (loss)
New Israeli shekel	38,567	26,144	4,027	16,136
British pound	15,020	15,020	(15,020)	(15,020)
Euro	(48,674)	(3,768)	45,754	4,125
Brazilian real	17,092	17,092	(24,131)	(24,131)
Polish zloty	(1,604)	(1,604)	2,180	2,180
South African Rand	(1,370)	414	182	(1,432)
Chinese Yuan Renminbi	170,097	166,891	(150,753)	(147,826)
CPI-linked NIS	311,378	311,378	(311,378)	(311,378)

(2) Interest rate risks

The Group has exposure to changes in the variable interest rate. The Group has different assets and liabilities in different countries which bear interest according to the economic environment in each country. Most of the loans, other than the debentures, bear Dollar SOFR and Euro ESTER interest. As a result, most of the variable interest exposure of those loans is to the SOFR interest.

The Company prepares a quarterly summary of exposure to a change in the SOFR interest rate. As at the approval date of the financial statements, the Company had not hedged this exposure.

Notes to the Financial Statements

VIII. Risk Related to Financial Instruments - (cont'd)

D. Market risks - (cont'd)

(2) Interest rate risks - (cont'd)

(A) Type of interest

The interest rate profile of the Group's interest-bearing financial instruments was as follows:

	December 31, 2023
Fixed-rate instruments – unlinked to the CPI	
<u>Financial assets</u>	
Other non-current assets	75,969
<u>Financial liabilities</u>	
Long-term loans (1)	3,358,574
Long-term payables	26,164
Other non-current liabilities	2,354,133
	(5,662,902)
Fixed-rate instruments – linked to the CPI	
<u>Financial liabilities</u>	
Debentures payable (1)	7,496,061
Variable-rate instruments	
<u>Financial assets</u>	
Cash at banks	1,065,918
Financial assets at fair value through profit or loss	1,912
Other current assets	158,603
<u>Financial liabilities</u>	
Short-term loans and credit from banks	5,733,522
Long-term loans (1)	1,079,582
Long-term payables	66,400
	(5,653,071)

(1) Including current maturities.

(B) Sensitivity analysis of cash flows regarding variable-interest instruments

A change of 5% in the interest rates on the reporting date would increase or reduce equity and profit or loss by the amounts presented below. This analysis assumes that all the remaining variables, among others exchange rates, remained fixed.

	Profit or loss		Equity	
	Increase in interest	Decrease in interest	Increase in interest	Decrease in interest
As at December 31, 2023	1,255	(1,269)	1,255	(1,269)

Notes to the Financial Statements

IX. Fair Value

The fair value of forward contracts on foreign currency is based on their listed market price, if available. In the absence of market prices, the fair value is estimated based on the discounted difference between the stated forward price in the contract and the current forward price for the residual period until redemption, using an appropriate interest rate.

The fair value of foreign currency options is based on bank quotes. The reasonableness of the quotes is evaluated through discounting future cash flow estimates, based on the conditions and duration to maturity of each contract, using the market interest rates of a similar instrument at the measurement date and in accordance with the Black & Scholes model.

1. Financial instruments measured at fair value for disclosure purposes only

The carrying amount of certain financial assets and liabilities, including cash at bank and on hand, bills and accounts receivable, receivables financing, other receivables, derivatives financial assets, short-term loans, bills and accounts payable and other payable, are the same or proximate to their fair value.

The following table details the carrying amount in the books and the fair value of groups of non-current financial instruments presented in the financial statements not in accordance with their fair values:

	December 31, 2023	
	Carrying amount	Fair value
Financial assets		
Other non-current assets (a – Level 2)	106,765	93,918
Financial liabilities		
Long-term loans and others (b – Level 2)	7,555,884	7,283,639
Debentures (c – Level 1)	7,496,061	8,521,198

- a) The fair value of the other non-current assets is based on a discounted future cash flows, using the acceptable interest rate for similar investment having similar characteristics (Level 2).
- b) The fair value of the long-term loans and others is based on a discounted future cash flows, using the acceptable interest rate for similar loans having similar characteristics (Level 2).
- c) The fair value of the debentures is based on stock exchange quotes (Level 1).

2. The interest rates used in determining fair value

The interest rates used to discount the estimate of anticipated cash flows are:

	December 31, 2023
	%
U.S. dollar interest	6.90-8.21
Chinese Yuan Renminbi	3.92-4.36
Euro	5.00-6.62

Notes to the Financial Statements

IX. Fair Value - (cont'd)

3. Fair value hierarchy of financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below presents an analysis of financial instruments measured at fair value. The various levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active market for identical instrument.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The Company's forward contracts and options are carried at fair value and are evaluated by observable inputs and therefore are concurrent with the definition of level 2.

	December 31
	2023
Forward contracts and options used for hedging the cash flow (Level 2)	(608)
Forward contracts and options used for economic hedging (Level 2)	242,958
Other equity investment (Level 2)	132,018
Receivables financing (Level 2)	123,050
Other non-current assets (Level 2)	81,423
Other (Level 2)	1,912

Financial Instrument	Fair value
Forward contracts	Fair value measured on the basis of discounting the difference between the stated forward price in the contract and the current forward price for the residual period until redemption using an appropriate interest rates.
Foreign currency options	The fair value is measured based on the Black&Scholes model.

No transfer between any levels of the fair value hierarchy in the reporting period.

No change in the valuation techniques in the reporting period.

Notes to the Financial Statements

X. Related parties and related party transactions

1. Information on parent Company

<u>Company name</u>	<u>Registered place</u>	<u>Business nature</u>	<u>Registered capital (Thousand RMB)</u>	<u>Shareholding percentage</u>	<u>Percentage of voting rights</u>
Syngenta Group	Shanghai, China	Production and sales of agro-chemicals, fertilizers and GM seeds	11,144,545	78.47%	78.47%

The Company's ultimate controlling shareholder is Sinochem Holdings .

2. Information on the largest subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

3. Information on largest joint ventures and associates of the Company

For information about the joint ventures and associates of the Company, refer to Note V.12.

Other joint ventures and associates that have related party transactions with the Group during this period or the previous periods are as follows:

<u>Name of entity</u>	<u>Relationship with the Company</u>
Innovaroma SA	Joint venture of the Group

Notes to the Financial Statements

X. Related parties and related party transactions - (cont'd)

4. Information on other related parties

Name of other related parties	Related party relationship
Beijing Guangyuan Yinong Chemical Co., LTD	Common control
Beijing Junmao Real Estate Co. Ltd.	Common control
Zhonglan Lianhai Design and Research Institute	Common control
Bluestar (Beijing) Chemical Machinery Co. Ltd.	Common control
Bluestar Engineering Co. Ltd.	Common control
China Chemical Information Center	Common control
China National Bluestar (Group) Co. Ltd.	Common control
China National Chemical Agrochemical Corporation	Common control
Dipagro LTDA	Common control
Elkem Silicones Brasil Ltd.	Common control
Elkem Silicones Hong Kong Co. Ltd.	Common control
Hangzhou (torch) Xidou door Film Industry Co., LTD	Common control
Henan Junhua Development Co. Ltd.	Common control
Jiangsu Huaihe Chemical Co. Ltd.	Common control
Jiangsu Ruixiang Chemical Co., LTD	Common control
Jiangsu Yangnong Chemical Co. Ltd.	Common control
Jiangsu Youjia Plant protection Co., LTD	Common control
Jiangsu Youshi Chemical Co., LTD	Common control
Jingzhou Sanonda Holdings Co. Ltd.	Common control
(MAP) Sinochem Modern Agriculture Co.LTD Xinjiang Branch	Common control
(MAP) Sinochem Modern Agriculture Co.LTD Yichang Branch	Common control
OOO Syngenta	Common control
P.T. Syngenta Indonesia	Common control
PT Syngenta Seed Indonesia	Common control
Shandong Dacheng Agrochemical Company Limited	Common control
Shenyang Chemical Co., Ltd.	Common control
Shenyang Shenhua Institute Testing Technology Co. Ltd.	Common control
Sinochem (Hainan) Agroecology Co.	Common control
Sinochem (Linyi) Crop Nutrition Co. Ltd	Common control
Sinochem Agriculture (Xinjiang) Biotechnology Co. Ltd.	Common control
Sino MAP	Common control
Sinochem Agro Co. Ltd.	Common control
Sinochem Chemical Science and Technology Research Institute Co., LTD	Common control
Sinochem Crop Protection Products Co. LTD	Common control
Sinochem Fertilizer Company Limited	Common control
Sinochem Fertilizer Company Limited Fujian Branch	Common control

Notes to the Financial Statements

X. Related parties and related party transactions - (cont'd)

4. Information on other related parties - (cont'd)

Name of other related parties	Related party relationship
Sinochem Fertilizer Company Limited Guangxi Branch	Common control
Sinochem Fertilizer Company Limited Hebei Branch	Common control
Sinochem Fertilizer Company Limited Jiangsu Branch	Common control
Sinochem Fertilizer Company Limited Jilin Branch	Common control
Sinochem Fertilizer Company Limited Northwest Branch	Common control
Sinochem Fertilizer Company Limited Shandong Branch	Common control
Sinochem Fertilizer Company Limited Southwest Branch	Common control
Sinochem Information Technology Co. Ltd.	Common control
Sinochem International Crop Care (Overseas) Pte. Ltd.	Common control
Sinochem Innovation (Beijing) Technology Research Institute Co., Ltd.	Common control
Sinochem Lantian Fluorine Materials Co. Ltd.	Common control
Sinochem Modern Agriculture (Gansu) Co. LTD	Common control
Sinochem Modern Agriculture (Guangxi) Co. LTD	Common control
Sinochem Modern Agriculture (Hunan) Co. LTD	Common control
Sinochem Modern Agriculture (Inner Mongolia) Co. LTD	Common control
Sinochem Modern Agriculture (Jiangsu) Co. LTD	Common control
Sinochem Modern Agriculture (Xinjiang) Co. LTD	Common control
Sinochem Modern Agriculture Anhui Co. LTD	Common control
Sinochem Modern Agriculture Sichuan Co. LTD	Common control
Syngenta (China) Investment Company Ltd	Common control
Syngenta Agro (Argentina) S.A.	Common control
Syngenta Agro AG	Common control
Syngenta Agro d.o.o.	Common control
Syngenta Agro GmbH	Common control
Syngenta Agro SA de CV	Common control
Syngenta Australia Pty Ltd	Common control
Syngenta Canada Inc	Common control
Syngenta Comercial Agricola	Common control
Syngenta Crop Protection AG	Common control
Syngenta Crop Protection BV	Common control
Syngenta Crop Protection LLC	Common control
Syngenta Crop Protection Ltd.	Common control
Syngenta Crop Protection SA	Common control
Syngenta Czech s.r.o.	Common control
Syngenta España S.A.	Common control
Syngenta France S.A.S	Common control
Syngenta A.G.	Common control
Syngenta Group Saturn (NL) B.V.	Common control
Syngenta Hellas AEBE	Common control
Syngenta India Ltd	Common control
Syngenta Italia SpA	Common control
Syngenta Protecao de Cultivos Ltda	Common control
Syngenta S.A.	Common control
Syngenta Seeds LTDA	Common control
Syngenta Slovakia s.r.o.	Common control

Notes to the Financial Statements

X. Related parties and related party transactions - (cont'd)

4. Information on other related parties - (cont'd)

Name of other related parties	Related party relationship
Syngenta Tarim Sanay ve Ticaret AS	Common control
Syngenta Vietnam Limited	Common control
Syngenta Zambia Limited	Common control
Tov Syngenta	Common control
Valagro S.p.A.	Common control
Syngenta Nantong Crop Protection Co.,LTD	Common control
China Bluestar Chengrand Research Institute Chemical Industry	Common control
Zhonglan International Chemical Co. Ltd.	Common control
Ningxia Ruitai Technology Co. Ltd.	Common control
Shenyang Sciencreat Chemicals Co. Ltd.	Common control
Shenyang Sinochem Agrochemicals R&D Co.,Ltd.	Common control
Sinochem Finance Corporation	Common control
Luxi Group Co.Ltd.	Common control
Sinochem Zhoushan Hazardous Chemicals Emergency Rescue Base Co. Ltd.	Common control
Liaocheng Luxi Polyol New Material Technology Co. Ltd.	Common control
Liaocheng Luxi Methylamine Chemical Co. Ltd.	Common control
Jiangsu Huifeng Biological Agriculture Co., Ltd	Minority shareholder
Nongyi Net (Yangling) e-commerce Co., Ltd.	Minority shareholder and its subsidiary
Shanghai focus supply chain Co., Ltd	Minority shareholder and its subsidiary
Shanghai nengjianyuan Biological Agriculture Co., Ltd	Minority shareholder and its subsidiary

Notes to the Financial Statements

X. Related parties and related party transactions - (cont'd)

5. Transactions and balances with related parties

(1) Transactions with related parties

<u>Type of purchase</u>	<u>Related Party Relationship</u>	<u>Year ended December 31</u>	
		<u>2023</u>	<u>2022</u>
<u>Summary of purchase of goods/services:</u>			
Purchase of goods/services received	Common control under Sinochem Holdings	1,663,662	2,673,892
	Minority shareholder and its subsidiary	23,470	3,155
Purchase of fixed assets and other assets	Common control under Sinochem Holdings	2,652	9,780
Lease expenses	Common control under Sinochem Holdings	662	242
	Minority shareholder and its subsidiary	5,381	795
<u>Summary of Sales of goods:</u>			
Sale of goods/ Service rendered	Common control under Sinochem Holdings	1,580,123	2,177,322
	Joint venture	77,422	104,563
	Minority shareholder and its subsidiary	76,714	54,424
Lease income	Minority shareholder	1,175	-

(2) Guarantees

The Group as the guarantee receiver

<u>Guarantee provider</u>	<u>Amount of guaranteed loan</u>	<u>Inception date of guaranty</u>	<u>Maturity date of guaranty</u>	<u>Guaranty completed (Y / N)</u>
Parent company	313,000	21/04/2021	20/04/2028	N
	70,795	01/06/2021	31/05/2028	N

* During the reporting period, the Company paid a guarantee fee amounting to 434 thousand RMB (2022: 451 thousand RMB) to the parent company.

(3) Remuneration of key management personnel and directors

	<u>Periods ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Remuneration of key management personnel and directors	28,212	114,806

Notes to the Financial Statements

X. Related parties and related party transactions - (cont'd)

5. Transactions and balances with related parties - (cont'd)

(4) Receivables from and payables to related parties (including loans)

Receivable Items

Items	Related Party Relationship	December 31		December 31	
		2023		2022	
		Book Balance	Expected credit losses	Book Balance	Expected credit losses
Trade receivables	Common control under Sinochem Holdings	150,942	-	356,708	-
	Joint venture	23,507	-	25,727	-
	Minority shareholder and its subsidiary	22,361	-	13,172	-
Other receivables	Common control under Sinochem Holdings	-	-	17	-
Other Non-Current assets	Common control under Sinochem Holdings	21	-	52	-
Prepayments	Common control under Sinochem Holdings	19,208	-	34,393	-
	Minority shareholder and its subsidiary	1,530	-	-	-

Payable Items

Items	Related Party Relationship	December 31	December 31
		2023	2022
Trade payables	Common control under Sinochem Holdings	272,928	426,454
	Minority shareholder and its subsidiary	63	-
Other payables	Common control under Sinochem Holdings	32,122	24,974
	Minority shareholder and its subsidiary	1,826	-
Contractual liability	Common control under Sinochem Holdings	75,903	35,675
Short-term loans *	Common control under Sinochem Holdings	2,124,810	696,459
Other non-current liabilities *	Common control under Sinochem Holdings	2,354,133	348,231

* Include liabilities are loans from a related party, the interest expenses for the year ended December 31, 2023 is 139,457 thousand RMB (twelve months ended December 31, 2022: 19,688 thousand RMB).

Notes to the Financial Statements

X. Related parties and related party transactions - (cont'd)

5. Transactions and balances with related parties - (cont'd)

(4) Receivables from and payables to related parties (including loans) (cont'd)

On October 27, 2021, the Board of Directors first approved (following the approval of the Company's Audit Committee dated October 25, 2021) the Company, through one of its subsidiaries, entering into committed credit facilities agreements in the aggregate amount of \$100 million (RMB 708 million) on market terms with Syngenta Group, or any of its subsidiaries. Following the approvals of the Company's requisite organs, these facilities were amended and further increased in December 2022 and in April 2023, to an aggregate amount of \$400 million (RMB 2,833 million). As of December 31, 2023, a total of \$350 million (RMB 2,479 million) was utilized.

On August 28, 2023, the Board of Directors approved (following the approval of the Company's Audit Committee dated August 22, 2023) the Company, through one of its subsidiaries, entering into an additional committed credit facility agreement in the amount of RMB 2,000 million with Syngenta Group, or any of its subsidiaries. As of December 31, 2023, a total of RMB 2,000 million was utilized.

(5) Other related party transactions

The closing balance of bank deposit in ChemChina Finance Corporation was nil thousand RMB (31.12.22: nil). Interest income of bank deposit for the current period was nil thousand RMB (amount for twelve months ended December 31, 2022 was 90 thousand RMB).

The closing balance of bank deposit in Sinochem Finance Corporation was 565,624 thousand RMB (31.12.22: 417,661) Interest income of bank deposit for the current period was 4,287 thousand RMB (amount for twelve months ended December , 2022 was 3,372 thousand RMB).

The closing balance of a loan received from Sinochem Finance Corporation was nil thousand RMB (31.12.22: nil). The loan and the repayment during the year was 50,561 thousand RMB respectively. Interest expenses in the current period was 561 thousand RMB (amount for twelve months ended December , 2022 was nil thousand RMB).

Notes to the Financial Statements

XI. Commitments and contingencies

1. Significant commitments

	December 31	December 31
	2023	2022
Investment in Fixed assets	308,875	429,862

2. Commitments and Contingent Liabilities

On December 10, 2018 the 9th meeting of the 8th session of the Board of Directors of the Company approved the extension of the engagement in annual liability insurance policies for directors, supervisors and senior officers of the Company (“D&O Liability Insurance”) as originally approved by the 22nd meeting of the 7th session of Board of Directors and the 4th Interim Shareholders Meeting in 2017, and authorized the management to annually deal with all matters relating to renewal/extension of the customary D&O Liability Insurance policies, with up to 20% flexibility in the relevant terms of the original policy. On December 26, 2018 the 3rd Interim Shareholders Meeting approved the above resolution. The current D&O Liability Insurance expires on April 30, 2024.

Environmental protection

The manufacturing processes of the Company and the products it produces and market, entail environmental risks that impact the environment. The Company invests substantial resources in order to comply with the applicable environmental laws and attempts to prevent or minimize the environmental risks that could occur as a result of its activities. To the best of the Company’s knowledge, at the balance sheet date, there are no material environmental issues relating to the Company, there are no material administrative penalties or investigations related to environment, health and safety imposed or initiated by regulatory authorities, and none of the material permits and licenses regarding environmental issues required for the Company’s day to day operations have been revoked.

Claims against subsidiaries

In the ordinary course of business, legal claims were filed against subsidiaries, including claims for patent infringement. The Company, inter alia, like other companies operating in the crop protection market, is exposed to class actions for large amounts, which it must defend against while incurring considerable costs, even if these claims have no basis in the first place. In the opinion of the Company’s management, which is based, inter alia, on the opinions of its legal advisors regarding the prospects of the proceedings, the financial statements include adequate provisions where necessary to cover the exposure resulting from the claims.

On October 20, 2020, a claim and a motion for its approval as a class action (the “Motion”) was filed against Monsanto Company and Bayer AG (the “Manufacturers”) as well as against ADAMA Agan Ltd., a wholly-owned subsidiary of Solutions, with respect to an herbicide bearing the brand name Roundup, which is produced by the Manufacturers and distributed in Israel in small quantities by Solutions’ subsidiary. The applicants argue that the product allegedly poses a risk to users or those who have been exposed to it. Solutions and its subsidiary reject the allegations against the subsidiary in the Motion and in the statement of claim. Based on the opinion of Solutions’ external counsels given this preliminary stage, as of the date of the financial statements the Motion and claim are not expected to have any non-negligible effect on the Company’s financial results. In addition, and as Solutions is an authorized distributor of the Manufactures, the Manufactures undertook to fully indemnify, defend and hold harmless ADAMA Agan Ltd., for any monetary compensation or any other remedy it will have to make in connection with the Motion.

Notes to the Financial Statements

XI. Commitments and contingencies - (cont'd)

2. Commitments and Contingent Liabilities - (cont'd)

Claims against subsidiaries (cont'd)

In June 2021, a lawsuit was filed against a subsidiary of the Company, alleging two patents owned by a large competitor of the Company, have been infringed by such subsidiary. Among the claims, the plaintiff seeks preliminary and permanent injunctions to prevent the subsidiary from manufacturing, using or commercializing a product that allegedly infringes the plaintiff's patents, and seeks actual damages and profits loss. The said preliminary injunctions were granted by the court in favor of the plaintiff. The subsidiary has filed appeals against such preliminary injunctions, which were rejected. Prior to such claims, and on-going, the subsidiary filed several lawsuits against the said plaintiff seeking to declare the said patents are invalid and the subsidiary does not infringe them. In May 2023, an additional lawsuit (including a preliminary injunction) was filed by the same large competitor against said subsidiary, alleging infringement of the same two patents for a different product. The said preliminary injunction was rejected by the court, and plaintiff's appeals with respect thereto are pending. All these lawsuits are pending as of the approval date of the financial statements. At this stage, the claims filed by the plaintiff are not expected to have a material effect on the Company.

Certain claims relating to alleged product liability damages were issued to a Company's subsidiary. Based on the opinion of the Company's external counsel, given their current stage, it is too early to assess these claims.

Various immaterial claims have been filed against Group companies in courts throughout the world, in immaterial amounts, for causes of action primarily involving employee-employer relations and various civil claims, for which the Company did not record a provision in the financial statements. The claims that in the estimation of Company's management, based on its legal advisors' opinion, have lower chances of succeeding than being rejected, amount to a negligible amount. Furthermore, claims were filed against the Company for product liability damages, for which the Company has adequate insurance coverage, such that the Company's exposure in respect thereof is limited to the deductible amount or the amount thereof does not exceed the deductible amount.

Performance commitments

When the Company acquired the equity interest in Adama Huifeng (shanghai) Agricultural Technology Co., Ltd ("Adama Huifeng (Shanghai)") and Adama Hiufeng (Jiangsu) Co. Ltd. ("Adama Huifeng (Jiangsu)") from Jiangsu Huifeng Biological Agriculture Co., Ltd ("Jiangsu Huifeng") during 2020 and 2021, there were performance commitments made by Jiangsu Huifeng regarding specific business operations of the acquired subsidiaries. If the performance commitments is not met, Jiangsu Huifeng shall make a price adjustment payment calculated based on a method as agreed. By the end of 2023 when the commitment period ended, the performance commitments has not been fulfilled. As of the date of this report, the Company has not received any confirmation from Jiangsu Huifeng for the price adjustment payment, nor has it received the corresponding price adjustment payment. There are currently disputes between the Company and Jiangsu Huifeng regarding the price adjustment payment, and there is uncertainty about the final realization of the above-mentioned price adjustment payment. Therefore, it is not yet possible to make a reliable estimate of the amount and recoverability of the price adjustment payment.

XII. Events subsequent to the balance sheet date

The Company is not aware of any events subsequent to the balance sheet date.

XIII. Share-based Payments

Notes to the Financial Statements

1. In February 2019, the remuneration committee and Solutions Board of Directors (as well as the General Meeting with respect to the former CEO and Vice President who also serves as a director) approved the allocation of 77,864,910 phantom warrants to officers and employees in accordance with the long-term phantom compensation plan (hereinafter - "the 2019 Plan"), out of which 75,814,897 phantom warrants were granted at the grant date of February 21, 2019. During 2019, 1,206,081 additional Phantom warrants were granted.

The warrants will vest in four equal portions, where the first and second quarters are exercisable after two years, the third quarter after three years and the fourth quarter after four years from January 1, 2019. The warrants will be exercisable, in whole or in part, in accordance with the terms of the 2019 plan, and subject to achieving financial targets as determined in the plan. The warrants will be exercisable until the end of 2025.

Upon exercise of each warrant, the offeree will be entitled to receive cash payment equal to the difference between the base price as determined at the time of the grant and the closing price of one share of the Company on the Shenzhen Stock Exchange, as it will be on the exercise date up, to the ceiling that was determined under the plan.

The fair value of the granted warrants as aforesaid was estimated using the binomial pricing model.

The cost of the benefit embodied in the warrants that were allocated as aforesaid, based on the fair value at the grant date, amounted to a total of approximately 186 million RMB. The liability at the end of the reporting period was recorded according to the vesting period as determined in the plan, taking into account the extent of the service that the employees provided until that date and the Company's share price at the end of the reporting period.

Statement of share based payments in the period	Phantom warrants
Total number of Phantom warrants at the beginning of the period	30,196,487
Total number of Phantom warrants granted in current period	-
Total number of Phantom warrants exercised in current period	(198,228)
Total number of Phantom warrants forfeited in current period	(938,250)
Total number of Phantom warrants at the end of the period	29,060,009
The exercise prices and the remainder of the contractual period for Phantom warrants outstanding at the end of period	RMB 9.87 – 10.85 2 years

The parameters used in implementing the model at the grant date are as follows:

Stock price (RMB)	10.85
Exercise increment (RMB)	10.03/10.85
Expected volatility	43.97%
Risk-free interest rate	3.06%
Economic value as of February 21, 2019 (in thousands RMB)	186,206

The methods for the determination of the fair value of liabilities arising from cash-settled share-based payments	The binomial pricing model
Accumulated amount of liabilities arising from cash-settled share-based payments (in thousands RMB)	11,274
Expenses arising from cash-settled share-based payments in current period (in thousands RMB)	(41,959)

Notes to the Financial Statements

XIII. Share-based Payments - (cont'd)

2. In September 2019, the remuneration committee and Solutions Board of Directors (and the General Meeting with respect to the CEO and Vice President who also serves as a director) approved the cancellation of 2017 Plan against the allocation of 28,258,248 warrants in accordance with the long-term phantom compensation plan (hereinafter - "The Alternative Warrants" and "The Alternative Plan"). The cancellation and allocation date is September 26, 2019. During 2019, an additional 90,130 Alternative Phantom Warrants were granted.

The alternative warrants will vest in four equal portions, where the first quarter is exercisable after one year, the second quarter after two years, the third quarter after three years and the fourth quarter after four years from October 1, 2019. The warrants will be exercisable, in whole or in part, in accordance with the terms of the Alternative Plan, and subject to achieving financial targets as determined in the plan. The warrants will be exercisable until October 1, 2026.

Upon exercise of each warrant, the offeree will be entitled to receive cash payment equal to the difference between the base price as determined at the time of the grant and the closing price of one share of the parent company on the Shenzhen Stock Exchange, as it will be on the exercise date up to the ceiling that was determined under the plan.

The fair value of the total granted alternative warrants at the allocated date is equal to the fair value of the total warrants canceled from the 2017 plan.

The cost of the benefit embodied in the warrants that were allocated as aforesaid, based on the fair value at the cancellation and allocation date, amounted to a total of approximately 69 million RMB. The liability in the financial statements at the end of the reporting period was recorded at the fair value estimated using the binomial option pricing model and by the vesting period from the original grant date of the 2017 plan to the end of the service period determined by the alternative plan, taking into account the extent of the service that the employees provided until that date and the stock price at the reporting date.

Statement of share based payments in the period

	Phantom warrants
Changes in the number of 2017 Plan:	
Total number of Phantom warrants at the beginning of the period	12,172,969
Total number of Phantom warrants granted in current period	-
Total number of Phantom warrants exercised in current period	(82,738)
Total number of Phantom warrants forfeited in current period	(908,227)
Total number of Phantom warrants at the end of the period	11,182,004
The range of the exercise prices and the remainder of the contractual period for Phantom warrants outstanding at the end of period	RMB 9.37 – 9.43 2.75 years

Notes to the Financial Statements

XIII. Share-based Payments - (cont'd)

The parameters used in implementing the model at the grant date are as follows:

Stock price (RMB)	9.23
Exercise increment (RMB)	9.43
Expected volatility	40.29%
Risk-free interest rate	3.14%
Economic value as of September 26, 2019 (in thousands RMB)	68,836

The methods for the determination of the fair value of liabilities arising from cash-settled share-based payments related to the alternative plan	The binomial pricing model
Accumulated amount of liabilities arising from cash-settled share-based payments related to the alternative plan (in thousands RMB)	7,127
Expenses (income) arising from cash-settled share-based payments in current period related to the alternative plan (in thousands RMB)	(17,727)

XIV. Other significant items

1. Segment reporting

The Company presents its segment reporting based on a format that is based on a breakdown by business segments:

- Crop Protection (Agro)

This is the main area of the Company's operations and includes the manufacture and marketing of conventional agrochemical products.

- Intermediates and ingredients

This field of activity includes a large number of sub-fields, including: Lycopan (an oxidization retardant), aromatic products, and other chemicals. It combines all the Company's activities not included in the Crop Protection products segment.

Segment results reported to the chief operating decision maker include items directly attributable to a segment as well as items that can be allocated on a reasonable basis. Unallocated items comprise mainly financing expenses, net, gains from changes in fair value, investment income and tax expenses.

All assets and liabilities that can be attributed to a specific segment were allocated accordingly. Attributed assets include: accounts and bills receivables, receivables financing, inventory, fixed assets, right-of-use assets, construction in progress, intangible assets, goodwill, non-current trade receivables and long-term equity investments. Attributed liabilities include account payables, bill payables and lease liabilities. All other assets and liabilities which are not attributable to a specific segment are presented as unallocated assets and liabilities.

Notes to the Financial Statements

XIV. Other significant items - (cont'd)

1. Segment reporting - (cont'd)

Information regarding the results and assets and liabilities of each reportable segment is included below:

	Crop Protection		Intermediates and ingredients		Elimination among segments		Total	
	Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31	
	2023	2022	2023	2022	2023	2022	2023	2022
Operating income from external customers	30,014,657	33,768,587	2,764,799	3,613,328	-	-	32,779,456	37,381,915
Inter-segment operating income	-	-	1,152	1,886	(1,152)	(1,886)	-	-
Interest in the profit or loss of associates and joint ventures	-	-	6,336	10,358	-	-	6,336	10,358
Segment's results	525,631	2,159,175	13,524	425,961	-	-	539,155	2,585,136
Financial expenses							1,183,118	325,796
Loss from changes in fair value							(650,374)	(1,504,832)
Investment income							12,742	2,325
Profit (loss) before tax							(1,404,910)	756,833
Income tax expenses (income)							200,977	147,442
Net profit (loss)							(1,605,887)	609,391

	Crop Protection		Intermediates and ingredients		Unallocated assets and liabilities		Total	
	December 31		December 31		December 31		December 31	
	2023	2022	2023	2022	2023	2022	2023	2022
Total assets	43,609,235	47,113,346	2,322,873	2,520,000	9,473,695	8,347,143	55,405,803	57,980,489
Total liabilities	6,574,117	8,689,479	321,614	383,640	26,585,597	25,782,715	33,481,328	34,855,834

Notes to the Financial Statements

XIV. Other significant items - (cont'd)

1. Segment reporting - (cont'd)

Geographic information

The following tables sets out information about the geographical segments of the Group's operating income based on the location of customers (sales target) and the Group's non-current assets (including mainly fixed assets, right-of-use assets, construction in progress, investment properties intangible assets and goodwill). In the case of investment property, fixed assets, right of used assets and construction in progress, the geographical location of the assets is based on its physical location. In case of intangible assets and goodwill, the geographical location of the company which owns the assets.

	Operating income from external customers	
	Year ended December 31	
	2023	2022
Europe, Africa and Middle East	8,691,499	9,030,951
North America	5,770,415	6,895,702
Latin America	9,122,996	10,792,733
Asia Pacific	9,194,546	10,662,529
	32,779,456	37,381,915

	Specified non-current assets	
	December 31	December 31
	2023	2022
Europe, Africa and Middle East	14,258,655	13,365,820
North America	1,303,868	1,184,067
Latin America	2,303,208	2,482,569
Asia Pacific	5,747,484	5,862,043
	23,613,215	22,894,499

* As of 2023, the India, Middle East & Africa (IMA) region has been reorganized such that the countries formerly included in this region are now included in the Europe region (renamed EAME) or in the Asia Pacific region. The information for 2022 was re-classified accordingly.

2. The dependency on major customers

No single customer's proportion of the total amount of sales is over 10%.

Notes to the Financial Statements

XIV. Other significant items - (cont'd)

3. Calculation of Earnings per share and Diluted earnings per share

	Amount for the current period	Amount for the prior period
Net profit (loss) from continuing operations attributable to ordinary shareholders	(1,605,887)	609,391

	Amount for the current period	Amount for the prior period
Shares		
Number of ordinary shares outstanding at the beginning of the year	2,329,811,766	2,329,811,766
Add: weighted average number of ordinary shares issued during the year	-	-
Less: weighted average number of ordinary shares repurchased during the year	-	-
Weighted average number of ordinary shares outstanding at the end of the year	2,329,811,766	2,329,811,766

	Amount for the current period	Amount for the prior pe- riod
Calculated based on net profit attributable to ordinary shareholders		
Basic earnings per share	(0.69)	0.26
Diluted earnings per share	N/A	N/A
Calculated based on net profit from continuing operations attributable to ordinary shareholders:		
Basic earnings per share	(0.69)	0.26
Diluted earnings per share	N/A	N/A
Calculated based on net profit from discontinued operations attributable to ordinary shareholders:		
Basic earnings per share	N/A	N/A
Diluted earnings per share	N/A	N/A

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements

1. Cash at bank and on hand

	December 31	December 31
	2023	2022
Deposits in banks	157,186	258,330
Other cash and bank balances	6,460	12,750
	163,646	271,080

As at December 31, 2023, restricted cash and bank balances was 6,460 thousand RMB (as at December 31, 2022: 12,750 thousand RMB).

2. Accounts receivable

a. By category

	December 31, 2023				
	Book value		Provision for expected credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Account receivables assessed individually for impairment	13,893	1	13,893	100	-
Account receivables assessed collectively for impairment	1,141,839	99	-	-	1,141,839
	1,155,732	100	13,893	1	1,141,839

	December 31, 2022				
	Book value		Provision for expected credit losses		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Account receivables assessed individually for impairment	13,893	2	13,893	100	-
Account receivables assessed collectively for impairment	758,471	98	9	-	758,462
	772,364	100	13,902	2	758,462

b. Aging analysis

	December 31, 2023
Within 1 year (inclusive)	938,408
Over 1 year but within 2 years	203,431
Over 2 years but within 3 years	-
Over 3 years but within 4 years	15
Over 4 years but within 5 years	1
Over 5 years	13,877
	1,155,732

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

2. Accounts receivable - (cont'd)

c. Addition, written-back and written-off of provision for expected credit losses during the period

	Year ended December 31, 2023
Balance as of January 1	13,902
Addition during the year, net	-
Write back during the year	(9)
Write-off during the year	-
Exchange rate effect	-
Balance as of June 30	13,893

d. Five largest accounts receivable at December 31, 2023:

	Closing balance	Proportion of Accounts receivable (%)	Allowance of expected credit losses
Party 1	1,008,201	87	-
Party 2	99,037	8	-
Party 3	14,393	1	-
Party 4	6,913	1	-
Party 5	4,377	1	-
	1,132,921	98	-

3. Receivable financing

	December 31 2023	December 31 2022
Bank acceptance draft	7,929	2,596
	7,929	2,596

As at December 31, 2023, bank acceptance endorsed but not yet due amounts to 204,109 thousand RMB.

4. Other Receivables

	December 31 2023	December 31 2022
Other receivables	11,611	11,611
	11,611	11,611

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

4. Other Receivables - (cont'd)

(1) Other receivables

a. Other receivables by categories

	December 31 2023	December 31 2022
Other	16,987	17,633
Provision for expected credit losses	(5,376)	(6,022)
	11,611	11,611

b. Other receivables by aging

	December 31, 2023
Within 1 year (inclusive)	-
Over 1 year but within 2 years	113
Over 2 years but within 3 years	91
Over 3 years but within 4 years*	11,830
Over 4 years but within 5 years	-
Over 5 years	4,953
	16,987

* Include intergroup balance with Anpon

c. Additions, recovery or reversal and written-off of provision for expected credit losses during the period:

	Year ended December 31, 2023
Balance as of January 1, 2023	6,022
Addition during the period	-
Written back during the period	(646)
Write-off during the period	-
Balance as of December 31, 2023	5,376

d. Five largest other receivables at December 31 2023:

Name	Closing balance	Proportion of other re- ceivables (%)	Credit loss provision
Party 1*	11,611	68	-
Party 2	3,125	19	3,125
Party 3	548	3	548
Party 4	237	1	237
Party 5	221	1	221
	15,742	92	4,131

* Include intergroup balance with Anpon

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

5. Long-term equity investments

	December 31, 2023			December 31, 2022		
	Amount balance	Impairment loss	Book value	Amount balance	Impairment loss	Book value
Invest in subsidiaries	17,511,352	80,636	17,430,716	17,511,352	-	17,511,352
	<u>17,511,352</u>	<u>80,636</u>	<u>17,430,716</u>	<u>17,511,352</u>	<u>-</u>	<u>17,511,352</u>

Investments in subsidiaries

Invested unit	Opening balance	Increase	Decrease	Provision of impairment loss	Closing balance	Balance of Impairment loss
ADAMA Agricultural Solutions Ltd.	15,890,213	-	-	-	15,890,213	-
Adama Anpon (Jiangsu) Ltd.	450,449	-	-	-	450,449	-
ADAMA Hiufeng (Jiangsu) Co. Ltd.	848,140	-	-	(59,024)	789,116	(59,024)
Hubei Sanonda Foreign Trade Co. Ltd.	11,993	-	-	-	11,993	-
Adama Huiheng (shanghai) Agricultural Technology Co., Ltd	310,557	-	-	(21,612)	288,945	(21,612)
	<u>17,511,352</u>	<u>-</u>	<u>-</u>	<u>(80,636)</u>	<u>17,430,716</u>	<u>(80,636)</u>

6. Operating Income and operating costs

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	1,968,617	1,661,622	2,255,382	1,756,979
Other operations	39,957	16,475	42,516	20,086
	<u>2,008,574</u>	<u>1,678,097</u>	<u>2,297,898</u>	<u>1,777,065</u>

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

7. Notes to items in the cash flow statements

(1) Other cash received relevant to operating activities

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income	8,584	8,605
Government subsidies	10,524	13,409
Other	20,055	92,257
	<u>39,163</u>	<u>114,271</u>

(2) Other cash paid relevant to operating activities

	Year ended December 31, 2023	Year ended December 31, 2022
Professional services	80,049	57,109
Transportation and Commissions	46,924	47,140
Other	29,749	20,654
	<u>156,722</u>	<u>124,903</u>

(3) Other cash received relevant to investing activities

	Year ended December 31, 2023	Year ended December 31, 2022
Loans	125,000	150,000
Other	6,042	-
	<u>131,042</u>	<u>150,000</u>

(4) Other cash paid relevant to investing activities

	Year ended December 31, 2023	Year ended December 31, 2022
Loans	125,000	250,000
	<u>125,000</u>	<u>250,000</u>

(5) Other cash received relevant to financing activities

	Year ended December 31, 2023	Year ended December 31, 2022
Deposit for issuing bills payables	15,960	24,865
	<u>15,960</u>	<u>24,865</u>

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

(6) Other cash paid relevant to financing activities:

	Year ended De- cember 31, 2023	Year ended De- cember 31, 2022
Deposit for issuing bills payable	9,670	31,491
Other	627	-
	10,297	31,491

8. Supplementary information to cash flow statement

(1) Reconciliation of net profit to net cash flows generated from operating activities:

	Year ended 2023	December 31 2022
Net profit	311,196	23,354
Add: Asset Impairment reversal (losses)	91,574	(2,816)
Credit impairment reversal (losses)	(655)	48
Depreciation of fixed assets and investment property	229,740	209,319
Depreciation of-right-of use assets	2,588	2,611
Amortization of intangible assets	12,091	11,638
Gain (losses) on disposal of fixed assets, intangible assets and other long-term assets	1,509	(57,735)
Losses (gains) from changes in fair value	(230,135)	314,670
Financial expenses	37,478	54,209
Investment income	(29,818)	(13,811)
Increase in deferred income tax assets	(295)	(14,715)
Decrease (increase) in inventory	30,107	(32,857)
Increase in accounts receivable from operating activities	(395,607)	(468,030)
Increase (decrease) in payables from operating activities	(21,569)	115,250
Net cash flows generated from operating activities	38,204	141,135

(2) Net increase in cash and cash equivalents

	Year ended 2023	December 31 2022
Closing balance of cash	157,186	258,330
Less: Opening balance of cash	258,330	259,434
Net increase in cash and cash equivalents	(101,144)	(1,104)

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

9. Related parties and related parties transactions

(1) Information on parent Company

<u>Company name</u>	<u>Registered place</u>	<u>Business nature</u>	<u>Registered capital (Thousand RMB)</u>	<u>Shareholding percentage</u>	<u>Percentage of voting rights</u>
Syngenta Group	Shanghai, China	Production and sales of agrochemicals, fertilizers and GM seeds	11,144,545	78.47%	78.47%

The ultimate controlling shareholder is Sinochem Holdings .

(2) Information on the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note VII.1.

(3) Transactions with related parties

a. Transactions of goods and services

		<u>Year ended</u>	<u>December</u>
		<u>31</u>	
		<u>2023</u>	<u>2022</u>
<u>Summary of Purchase of goods/services received:</u>	<u>Related Party Relationship</u>		
Purchase of goods/services received	Common control under Sinochem Holdings	93,784	167,796
	Subsidiary	96,774	112,665
Purchase of fixed assets and other assets	Common control under Sinochem Holdings	1,273	4,150
<u>Summary of Sales of goods:</u>			
Sale of goods	Common control under Sinochem Holdings	5,742	25,030
	Subsidiary	833,826	981,757
Rendering of services	Subsidiary	385	1,487

XV. Notes to major items in the Company's financial statements - (cont'd)

Notes to the Financial Statements

9. Transactions and balances with related parties - (cont'd)

(3) Transactions with related parties - (cont'd)

b. Guarantees

The Company as the guarantor

	Amount of guaranteed loan	Inception date of guar- anty	Maturity date of guar- anty	Guaranty completed (Y/ N)
Subsidiary	20,000	2022.12.16	2023.12.12	Y
	40,000	2022.01.18	2023.01.17	Y
	30,000	2022.03.30	2023.03.29	Y
	36,000	2021.12.01	2024.12.28	N
	35,000	2022.01.01	2025.11.28	N
	21,000	2022.02.28	2027.11.28	N
	14,000	2022.03.28	2027.11.28	N
	7,500	2022.05.20	2027.11.28	N
	23,500	2022.06.26	2027.11.28	N
	10,000	2022.10.31	2027.11.28	N
	11,000	2022.11.30	2027.11.28	N
	40,000	2023.08.10	2024.08.08	N
	10,000	2023.01.12	2025.06.20	N
	20,000	2022.11.17	2024.12.20	N
	12,000	2023.04.03	2025.06.20	N
	3,000	2023.07.28	2027.11.10	N
	5,000	2023.10.17	2027.11.10	N
	4,000	2022.01.25	2026.09.28	N
	3,900	2022.02.28	2026.09.28	N
	8,100	2022.07.12	2026.09.28	N
	2,000	2023.04.13	2026.09.28	N
	10,000	2022.08.11	2028.06.22	N
	10,000	2022.08.31	2028.06.22	N
	11,000	2022.10.28	2027.06.22	N
	25,000	2022.11.23	2026.12.22	N
	10,000	2023.01.16	2026.06.22	N
	14,000	2023.04.04	2026.06.22	N
	2,000	2023.04.26	2028.05.05	N

XV. Notes to major items in the Company's financial statements - (cont'd)

Notes to the Financial Statements

9. Transactions and balances with related parties - (cont'd)

(3) Transactions with related parties - (cont'd)

b. Guarantees - (cont'd)

The Company as the guarantee receiver

Guarantee provider	Amount of guaranteed loan	Inception date of guaranty	Maturity date of guaranty	Guaranty com- pleted (Y / N)
Parent company	313,000	21/04/2021	20/04/2028	N
	70,795	01/06/2021	31/05/2028	N

During the reporting period, the Company paid a guarantee fee amounting to 434 thousand RMB (2022: 451) to the parent company.

c. Intercompany borrowings/lending

Related party	Borrowing/ Lending amount	Commencement date	Termination date	Balance at year end	Note
Lending					
Subsidiary	50,000	2022.5	2023.12	-	Fixed rate at 2.4%
Subsidiary	40,000	2022.6	2023.12	-	Fixed rate at 2.4%
Subsidiary	35,000	2022.6	2023.12	-	Fixed rate at 2.4%
Subsidiary	125,000	2022.6	2024.05	125,000	Fixed rate at 2.4%
Subsidiary	125,000	2023.12	2025.12	125,000	Fixed rate at 2.4%

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

9. Transactions and balances with related parties - (cont'd)

(3) Transactions with related parties - (cont'd)

d. Receivables from and payables to related parties (including loans)

Receivable Items		December 31	December 31
		2023	2022
Items	Related Party Relationship	Book Balance	Expected credit losses
Items	Related Party Relationship	Book Balance	Expected credit losses
Trade receivables	Subsidiary	1,008,497	548,601
Non-current assets within one year	Subsidiary	125,000	-
Other non-current assets	Subsidiary	125,000	-
Other receivables	Subsidiary	11,611	-
Trade receivables	Common control under Sinochem Holding	-	304
Prepayments	Common control under Sinochem Holding	497	537
Other non-current assets	Common control under Sinochem Holding	21	52
Payable Items		December 31	December 31
		2023	2022
Items	Related Party Relationship	2023	2022
Trade payables	Subsidiary	1,383	5,686
Trade payables	Common control under Sinochem Holdings	9,493	46,152
Other payables	Subsidiary	436,815	395,152
	Common control under Sinochem Holdings	507	700

Notes to the Financial Statements

XV. Notes to major items in the Company's financial statements - (cont'd)

9. Transactions and balances with related parties - (cont'd)

(3) Transactions with related parties - (cont'd)

e. Other related party transactions

The closing balance of bank deposit in ChemChina Finance Corporation was nil (31.12.22: nil). Interest income of bank deposit for the current period was nil (amount for period ended December 31, 2022 was 67 thousand RMB).

The closing balance of bank deposit in SinoChem Finance Corporation was 26,552 thousand RMB (31.12.22: 202,615 thousand RMB) Interest income of bank deposit for the current period was 1,960 thousand RMB (amount for period ended December 31, 2022 was 1,617 thousand RMB).

Supplementary information

(Expressed in RMB '000)

1. Extraordinary Gain and Loss

	Year ended December 31, 2023
Disposal of non-current assets	19,679
Government grants recognized through profit or loss	20,743
Recovery or reversal of expected credit losses which is assessed individually during the years	57,422
Post vesting fair value revaluation of cash-settled share based payment	41,959
Gains or losses arising from the holding or disposal of financial assets or financial liabilities by non financial corporations, except for effective hedging related to the normal operating of the Company	123,315
Other non-operating income or expenses other than the above	31,747
Tax effect	(49,261)
	<u>245,604</u>

2. Return on net assets and earnings per share (“EPS”)

The information of Return on net assets and EPS is in accordance with the Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 9 – Calculation and Disclosure of Return on net assets and Earnings per share (2010 Amendment) issued by China Securities Regulatory Commission.

Profit during the reporting period	Weighted average rate of return on net assets	Basic EPS (RMB/share)	Diluted EPS (RMB/share)
Net profit attributable to ordinary shareholders of the Company	(7.13)	(0.69)	N/A
Net profit after deduction of extraordinary gains/losses attributable to ordinary shareholders of the Company	(8.26)	(0.79)	N/A

ADAMA Ltd.

Legal Representative: Steven Hawkins

March 25th, 2024