

ADAMA Ltd.

2023 Full-Year Asset Impairment Announcement

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

In accordance with the Accounting Standards for Business Enterprises, ADAMA Ltd. (hereinafter referred to as the "Company"), recorded a total of RMB 604 million (approximately \$85 million) for the year of 2023 in provisions for asset and credit loss impairments, including the impairments the Company has disclosed for 2023. For details please refer to Asset Impairment Announcement (Announcement No. 2023-30), Asset Impairment Announcement (Announcement No. 2023-36) and Announcement on Asset Impairment Made by a Controlled Subsidiary for the Fourth Quarter of 2023 (Announcement No. 2024-1) disclosed on cninfo.com.cn. These provisions were mainly related to impairment of inventories made during the ordinary course of the Company's business and one-time impairment of some idle assets, as provided herein.

Overview and Financial Impact of Provision for the Assets Impairment

During the year, the Company recorded provisions for asset and credit loss impairments based on "Accounting Standards for Business Enterprises" and the Company's own applicable accounting policies.

These provisions, charged to the total profits of the Company during the year, were amounted to RMB 604 million (approximately \$85 million).

Further details of the impairments are as follows:

Unit: '000 RMB

Item	Amount
Inventories	256,893
Fixed assets and Construction in progress	262,077
Intangible assets	30,923
Credit losses	54,453
Total Asset impairments	604,346

Basis and Explanation for Impairment of Inventories

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.

The Company provided for inventory impairment of RMB 257 million (approximately \$36 million) for the year. This is mainly due to the decline in the market price of certain products and other inventory management issues part of the ordinary course of the Company's business.

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

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

The total impairment of fixed assets and construction in progress made during the year was RMB 262 million (approximately \$37 million), out of which one of the controlled subsidiaries of the Company made a provision of RMB 228 million (approximately \$32 million) to some idle assets due to changes in the markets and upgrade in technology.

Basis and Explanation for Impairment of Intangible Assets

The Company assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired, and if such indication exists, the Company calculates the recoverable amount of the asset. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is expected to be recognized to reduce the carrying amount to the recoverable amount.

The Company made impairments of intangible assets amounting to RMB 31 million (approximately \$4.3 million) in 2023.

Basis and Explanation for Credit Impairment Losses and Reversals

The Company recognizes an impairment provision which reflects its assessment regarding the credit risk of accounts and other receivables on a lifetime expected credit loss basis. The examination for expected credit losses is performed using a model including aging analysis and historical loss experience, and is adjusted taking into account observable factors reflecting current and expected future economic conditions. 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.

The credit impairment losses provided during the year was amounted to RMB 54 million (approximately \$7.5 million).

Explanation on the Reasonableness of Asset Impairments

The aforementioned provisions were mainly due to the impairment of inventories made during the ordinary course of the Company's business and one-time impairment of some idle assets.

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

It's hereby announced.

Board of Directors

ADAMA LTD.

March 27, 2024