

ADAMA Ltd.

Special report on

..... Difference between Actual and Promised Gross Profits for
Purchase of ADAMA Huifeng (Shanghai) Agricultural
Technology Co., Ltd

For the year ended 31 December 2023

Note: The Special Report on Difference between Actual and Promised Gross Profits for Purchase of ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd will be issued in Chinese. This special explanation is English translation prepared for the Company's management review purpose only and cannot be provided to third parties for other purpose. If there is any conflict between the Chinese and English version, the Chinese version shall prevail.

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
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To the Board of Directors of ADAMA Ltd:

We have reviewed the attached explanatory statement of the difference between the actual and committed gross profits generated for the three-year period from January 1, 2021 to December 31, 2023 from the business between ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd. (hereinafter referred to as "ADAMA Huifeng Shanghai") and the controlling subsidiary of Jiangsu Huifeng Biological Agriculture Co., Ltd. (hereinafter referred to as "Jiangsu Huifeng") - Nongyi E-Commerce (Beijing) Co., Ltd. and its subsidiaries (hereinafter referred to as "Nongyi") (hereinafter referred to as "the Statement") as prepared by the management of ADAMA Ltd. (hereinafter referred to as "ADAMA").

1. Responsibilities of management

It is the responsibility of ADAMA's management to prepare the Statement in accordance with the "Share Purchase Agreement" and the "Supplemental Agreement to the Share Purchase Agreement" signed between ADAMA and Jiangsu Huifeng, and to ensure that it is true, accurate and complete, and that there are no false records, misleading statements or material omissions.

2. Responsibilities of certified public accountants

It is our responsibility to express an opinion on the Statement based on our assurance work. We performed the assurance work in accordance with the Standards on Other Assurance Engagements for Certified Public Accountants No. 3101 - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. This standard requires that we comply with the Code of Ethics and plan and conduct audits to obtain reasonable assurance that the Statement is free from material misstatement.

During our assurance work, we implemented assurance procedures such as inquiry, inspection, and recalculation that we considered necessary to obtain evidence about the amounts and disclosures in the Statement. We believe that our assurance work provides a reasonable basis for the opinion.

Special Report on
Difference between Actual and Promised Gross Profits for
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3. Review opinions

In our opinion, the Statement prepared by ADAMA reflects, in all material respects, the difference between the actual average annual gross profit and the committed average annual gross profit from the business between ADAMA Huifeng Shanghai and Nongyi over the three-year period from January 1, 2021 to December 31, 2023.

4. Emphasis of matters

We would like to draw the attention of the users to the description of "The progress of the performance commitment compensation and the measures to be taken by the Company " in part 4 of the Statement. As at the date of this Special Report, ADAMA 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 ADAMA and Jiangsu Huifeng regarding the price adjustment payment, and there is uncertainty about the final realization of the aforesaid price adjustment payment.

5. Scope of use of the report

This report is only for the purpose of disclosing the difference between the actual average annual gross profit and the committed average annual gross profit from the business between ADAMA Huifeng Shanghai and Nongyi in 2023 annual report in accordance with the requirements of the Guide to Self-Regulation for Listed Companies of Shenzhen Stock Exchange No. 1 - Business Conduct", and shall not be used for any other purpose.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountants:

Chinese Certified Public Accountants:

March 25, 2024

Explanatory Statement of the difference between the actual average annual gross profit from operating business and the committed average annual gross profit for the three-year period from FY2021 to FY2023

ADAMA Ltd. (hereinafter referred to as "ADAMA" or the "Company") has prepared this note in accordance with the statement of the *Equity Purchase Agreement* and the *Supplementary Agreement to the Equity Purchase Agreement* (hereinafter referred to as "*Supplementary Agreement(1)*") with Jiangsu Huifeng Bio-agriculture Co., Ltd. (hereinafter referred to as "Jiangsu Huifeng").

1、 Basic information on the acquisition transaction

Pursuant to the resolutions of the 18th, 21st and 27th Meetings of the 8th Session of the Board of Directors of the Company, the Company signed the *Equity Purchase Agreement*, the *Supplementary Agreement to Equity Purchase Agreement* ("Supplementary Agreement (I)") and the *Supplementary Agreement (II) to Equity Purchase Agreement* ("Supplementary Agreement (II)") with Jiangsu Huifeng Bio-agriculture Co., Ltd. (hereinafter referred to as "Jiangsu Huifeng") on November 6, 2019, February 26, 2020 and October 28, 2020, respectively, to acquire from Jiangsu Huifeng 50% of the equity interest in Shanghai Dibai Plant Protection Co. Ltd. (renamed to ADAMA Huifeng (Shanghai) Agricultural Technology Co., Ltd., hereinafter referred to as "ADAMA Huifeng (Shanghai)") and subsequently signed the *Equity Purchase Agreement* on 28th December 2020 in relation to the acquisition of 51% equity interest in Jiangsu Kelinong Agrochemical Co., Ltd. and 1% equity interest of ADAMA Huifeng (Shanghai).

The Company completed the delivery of its 51% equity interest in ADAMA Huifeng(Shanghai) and 51% equity interest in ADAMA Huifeng(Jiangsu) on December 31, 2020 and May 28, 2021, respectively.

2、 Performance commitments and compensation methods

Pursuant to Article 2.4 of the *Supplementary Agreement (I)* signed between the Company and Jiangsu Huifeng, Jiangsu Huifeng undertakes that the average annual gross profit of ADAMA Huifeng (Shanghai) generated by the business of Nongyi E-commerce (Beijing) Co., Ltd. ("Nongyi"), a minority-owned company of itself and Nongyi's subsidiaries (hereinafter referred to as the "Nongyi Business") for the three years of 2021, 2022 and 2023 ("Gross Profit by Nongyi Business") should be at least RMB 8.6 million yuan(Nongyi Business Benchmark).

If the Gross Profit by Nongyi Business fails to reach the Nongyi Business Benchmark, Jiangsu Huifeng should pay the price to the Company in accordance with the following formula: the payable value by Jiangsu Huifeng ("Price Adjustment Payment") = (Nongyi Business Benchmark – Gross Profit by Nongyi Business) x 13. In addition, Jiangsu Huifeng should be liable for all the taxes and expenses which the Company will bear due to the Price Adjustment Payment. If it meets or exceeds the Nongyi Business Benchmark, no such adjustment shall occur between the two parties.

In addition, it is agreed by both parties that ADAMA Huifeng(Shanghai) should prepare financial statements relating to the gross profit of Nongyi ("Nongyi Financial Statements") within 30 days after the expiration of the three-year period. After receiving the financial statements of Nongyi, each party has 14 days to notify the other party in writing whether it has any objection to the gross profit of Nongyi business. If no written notice of objection is issued by either party, the financial statements shall be considered to be the final version accepted by both parties. After the price adjustment is confirmed, Jiangsu Huifeng shall pay the price adjustment within 5 business days.

3、 Achievement of performance commitments and a description of variances

According to the financial statements prepared by ADAMA Huifeng(Shanghai), its gross profit arising from the Nongyi Business during the period from 2021 to 2023 totaled RMB 10,907,117 yuan, with an average annual gross profit of RMB 3,635,706 yuan.

For the period from 2021 to 2023, the difference between the actual average annual gross profit and the committed average annual gross profit is as follows:

Unit: RMB

Fiscal Year	Revenue	Cost of sales	Gross profit	Actual average annual gross profit (Gross profit of Nongyi Business).	Committed average annual gross profit (Nongyi Business Benchmark).
2021	66,510,381	61,854,635	4,655,746		
2022	44,911,451	41,650,961	3,260,489		
2023	42,608,249	39,617,367	2,990,882		
Total	154,030,081	143,122,964	10,907,117	3,635,706	8,600,000

The above-mentioned performance commitments has not been fulfilled. The amount of the price adjustment payment calculated in accordance with the statement of the *Supplement Agreement (I)* shall be RMB 64,535,827.

4、 The progress of the performance commitment compensation and the measures to be taken by the company

According to the agreement, on February 1, 2024, ADAMA Huifeng(Shanghai) delivered the financial statements of Nongyi to the Company and Jiangsu Huifeng. As of February 15, 2024, ADAMA Huifeng(Shanghai) has not received any objection from Jiangsu Huifeng. Accordingly, on February 21, 2024, the Company issued a Notice Letter to Jiangsu Huifeng on the "Payment of Price Adjustment for the Performance Commitment of Nongyi Business", requiring Jiangsu Huifeng to pay the price adjustment payment of RMB 64,535,827 to the Company within 5 business days from February 18, 2024 in accordance with the confirmed financial statements of Nongyi and the price adjustment payment method agreed in the agreement.

As of the date of this statement of differences, 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. The company will take necessary means to recover the price adjustment payment from Jiangsu Huifeng to safeguard the interests of the company.