

Stock Code: 000553(200553)

Stock Abbreviations: ADAMA A(B)

Announcement No.2019-19

Abstract of the 2018 Annual Report of ADAMA Ltd.

I. Important Reminder

This Annual Report Abstract is from the full text of the Annual Report. Investors are advised to read the full text of the Annual Report published on the media designated by China Securities Regulatory Commission for having a round understand of the Company's performance, financial status and future development plan.

All the directors attended the Board of Directors meeting to review the Annual Report. No disagreement was raised by the directors, supervisors, and senior managements.

Non-standard auditor report

Applicable Not applicable

Plan approved by the Board of Directors for dividend distribution of ordinary shares or increasing the capital by the transfer of capital reserves.

Applicable Not applicable

The pre-plan of the dividend distribution approved by the meeting of the Board of Directors on March 19, 2019 refers to the total outstanding 2,446,553,582 shares of the Company as of February 28, 2019 as the basis for the distribution of RMB 0.97 (including tax) as cash dividend per 10 shares, to all the shareholders of the Company. No shares will be distributed as share dividend, as well as no reserve will be transferred to equity capital.

Plan approved by the Board of Directors for dividend distribution of preferred shares

Applicable Not applicable

II. Basic information about the Company

1. Company profile

Stock name	ADAMA A(B)	Stock code	000553 (200553)
Stock exchange	Shenzhen Stock Exchange		
Contact Person	Board Secretary	Securities Affairs Representative	
Name	Li Zhongxi	Liang Jiqin	
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2. Brief introduction to the main business or products in the reporting period

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

The Group engages in the development, manufacturing and commercialization of crop protection products, that are largely off-patent, and is one of the leading companies in the world in this field. The Group provides solutions to farmers in approximately 100

countries, through approximately 60 subsidiary companies throughout the world.

In 2018, the Group was the world's leading company in off-patent crop protection solutions (by sales), and is ranked sixth in the world among companies engaged in the field of crop protection. The Group's business model integrates end-customer access, regulatory expertise, global R&D and production capabilities, thereby providing the Group a significant competitive edge and allowing it to launch new and differentiated products that address farmers' needs in key markets.

In December 2018, the final milestone in the Combination Transaction was achieved with the name of the Company being changed to ADAMA Ltd. demonstrating their coming together under ADAMA as a single global brand, reflecting the Group's farmer-centric focus and its commitment to advancing agriculture in markets around the world.

The Company continues to advance collaboration opportunities with other ChemChina group entities, as well as other entities in China, to make the most of its positioning.

ADAMA has been working together with Syngenta and other key agriculture-related businesses in China, to identify opportunities for closer collaboration. In this context, the companies are exploring various initiatives, including but not limited to, the potential provision of reciprocal access to certain products in specific territories, as well as exploiting opportunities aimed at optimizing the utilization of the companies' operational facilities.

The Group's primary operations are focused on Europe, North America, Latin America, Asia-Pacific and India, the Middle-East and Africa, and in total, the Group sells its products in approximately 100 countries across the globe.

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. 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 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.

Trends, events and key developments in the Group's macro-economic environment may have a material impact on its business results and development. The effects of these factors may differ depending on the geographic region and the different products of the Group. Since the Group maintains a broad product portfolio and since it is active in many geographic regions, the aggregate effect of these factors in any given year, and the course thereof, is not uniform and may sometimes be mitigated by counterbalancing influences. The activities and results of the Group are further subject to, and affected by, certain global, localized 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 expiry and growth in volumes of off-patent products; the agricultural market and volatile weather conditions; regulatory changes; government policies; world ports and monetary policy and the financial market.

Please see important additional information and further details included in the Annex.

3. Major accounting data and financial index

(1) Major accounting data and financial indicators for the last three years

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

Yes No

	2018	2017	+/- (%)	2016
Operating revenue (RMB'000)	25,615,119	23,819,568	7.54%	22,070,405
Net profit attributable to shareholders of the Company (RMB'000)	2,402,462	1,545,879	55.41%	369,076
Net profit attributable to shareholders of the Company excluding extraordinary profit and loss (RMB'000)	859,448	382,275	124.82%	-92,340
Net cash flows from operating activities (RMB'000)	2,002,139	3,958,389	-49.42%	4,237,145
Basic EPS (RMB/share)	0.9820	0.6601	48.48%	0.2200
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on equity	11.68%	9.05%	2.63%	2.97%
	31.12.2018	31.12.2017	+/- (%)	31.12.2016
Total assets (RMB'000)	42,812,505	39,613,922	8.07%	36,492,512
Net assets attributable to shareholders of the Company (RMB'000)	22,280,126	18,778,013	18.65%	16,917,794

(2) Main Financial Index by Quarters

Unit: RMB'000

	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Operating revenue	6,499,510	6,526,748	5,928,627	6,660,234
Net profit attributable to shareholders of the Company	2,032,027	330,754	179,661	-139,980
Net profit attributable to shareholders of the Company after deduction of nonrecurring profits and losses	466,066	324,230	175,718	-106,566
Net cash flows from operating activities	-215,819	995,337	675,039	547,582

whether there are 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

4. Shares and shareholders

(1) Number of holders of ordinary shares and preference shares with vote right restored and top 10 shareholders

Unit: share

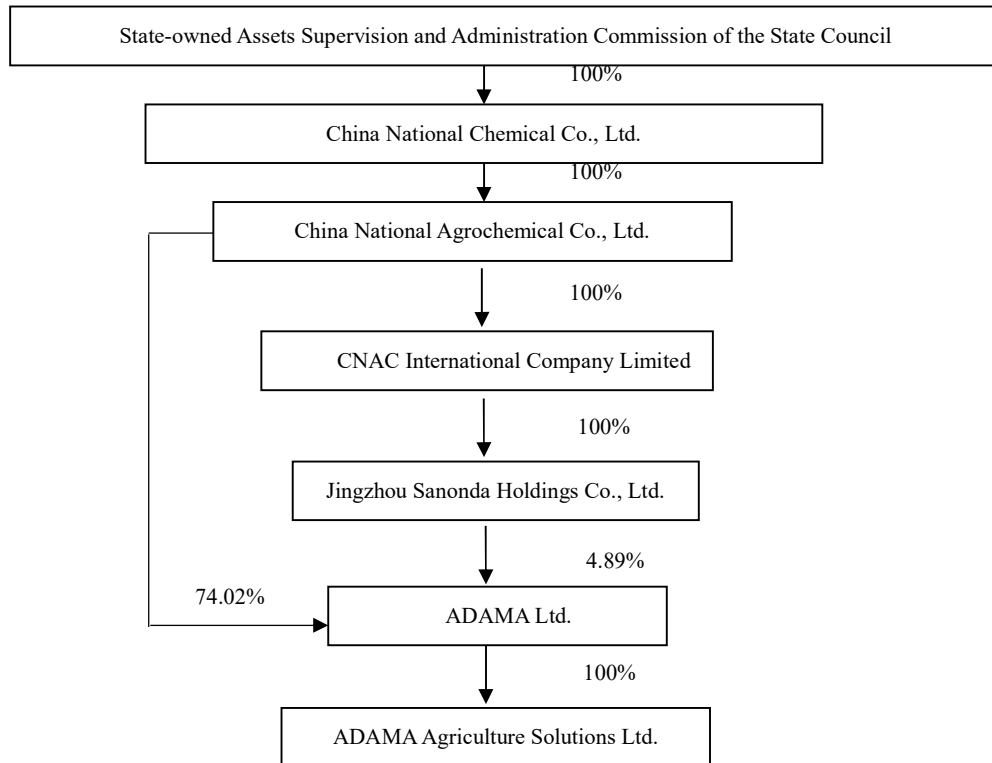
Total number of shareholders at the reporting period	52,800	Total number of shareholders on the 30th trading day before the disclosure date of the annual report	52,724	Total number of preferred stockholder with vote right restored (if any)	0	Total number of preferred stockholder with vote right restored on the 30th trading day before the disclosure date of the annual report (note 8)	0
Top Ten Shareholders							
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the reporting period	Number of shares held not subject to trading moratorium	Pledged or frozen shares		
					Status of shares	Amount	
China National Agrochemical Co., Ltd.	State-owned legal person	74.02%	1,810,883,039	1,810,883,039	--	--	
Jingzhou Sanonda Holding Co., Ltd.	State-owned legal person	4.89%	119,687,202	-	--	--	
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.37%	33,557,046	33,557,046	--	--	
China Structural Reform Fund Co., Ltd.	State-owned legal person	1.37%	33,557,046	33,557,046	--	--	

CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	Others	0.53%	12,885,906	12,885,906	--	--
Industrial Bank Co., Ltd, Mixed Securities Investment Fund, Aegon-Industrial Trend Investment (LOF)	Others	0.33%	8,053,736	8,053,736	--	--
Portfolio No.503 of National Social Security Fund	Others	0.25%	6,199,921	--	--	--
Jiang Yun	Domestic individual	0.24%	5,920,073	--	--	--
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign corporation	0.20%	4,914,144	-	--	--
Penghua Fund-CCB-China Life Insurance, Private Placement Portfolio of Penghua Fund Management Co., Ltd Entrusted by China Life Insurance (Group) Company	Others	0.19%	4,697,990	4,697,990	--	--
Explanation on associated relationship or/and persons	Jingzhou Sanonda Holdings Co., Ltd. and CNAC are related parties, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. Sanonda Holding is a wholly-controlled subsidiary of CNAC. It is unknown whether the other shareholders 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)	--					

(2) Aggregated number of the preference shareholders and the list of the top 10 Preference shareholders

Applicable Not applicable

(3) Chart of the equity relationships between the Company and its actual controller



5. Corporate Bonds

Whether the company has corporate bonds that have been publicly issued and listed on the stock exchange, and not yet due or due but failed to pay as of the date of the approval of this Annual Report by the Board of Directors.
No.

II. Performance Discussion and Analysis

1. Business Operation summary in the reporting period

Whether the company needs to comply with the disclosure requirements of certain industry
No

Please see important additional information and further details included in the Annex.

Revenues. Revenues grew robustly in the year, with strong business growth driven by the Company's increasingly differentiated product portfolio. In China, the Company continues to prioritize the sale of distinctive branded, formulated products through its domestic commercial networks and is shifting away from selling unformulated, technical product to intermediaries, directing them instead through its global commercial network. In addition to the strong business growth, improved demand conditions facilitated a stronger pricing environment, compensating for the softer currencies and allowing the passing on of some of the impact of the constrained supply and higher procurement costs.

Gross profit. The higher gross profit in the year was achieved due to the strong growth of an improved product mix as well as higher pricing, which more than offset the impact of higher procurement costs of raw materials and intermediates, supply shortages and the softer currencies, most notably the Brazilian Real and the Indian Rupee, as well as the impact of missed high-margin sales in Europe in the third quarter as a result of the extreme drought in the region.

Earnings before Interest and Tax. Operating income increased significantly in the year, benefiting from the one-time capital gain from the sale of EU and US registrations, related to the Syngenta Transaction. In addition, operating income benefited from continued strong operating cost discipline while accommodating significantly higher sales.

Financial expenses and investment income (including gains and losses from changes in fair value). The moderate increase in the total net financial expenses and investment income over the year reflects the adoption of a new accounting standard which classifies interest income on sales as revenue. Adjusting for the impact of the change in accounting standard, financial expenses decreased over the year, reflecting reduced interest costs due to lower debt levels, as well as foreign exchange income related to balance sheet positions, somewhat offset by an increase in costs of the CPI-linked bonds as a result of an increase in the Israeli CPI over the period.

Income before Tax. Pre-tax income over the full year was significantly above last year, reflecting the abovementioned one-time capital gain from sale of EU and US registrations.

Net income. Net income over the year was significantly higher than last year, reflecting the abovementioned one-time capital gain from sale of EU and US registrations. Adjusting for this one-time gain, net income was lower than the record high achieved last year, reflecting the unusually low tax expenses in 2017, which benefited from creation of deferred tax assets in respect of losses carried forward in Q4 2017 due to anticipation of their expected utilization in subsequent periods.

Working capital. Working capital was higher compared to the corresponding point last year, supporting the significant momentum generating the increase in sales over the period. Strong supply chain discipline, allowed maintaining best-ever inventory days for this time of year, while building a higher inventory level in preparation for the upcoming season, as well as absorbing the higher procurement costs. The significant increase in sales over the year saw trade receivables higher in comparison to the same point last year, despite ongoing tight control of credit ensuring receivable days remain close to their record best levels for this time of year. The higher receivables were partially offset by increased trade payables.

Cash Flow. Despite the strong sales growth and associated need for higher working capital, the Company generated robust operating cash flow over the year, albeit somewhat lower compared to last year during which the Company grew at a somewhat more moderate rate. The Company generated continued free cash flow in the year, despite the Company's strong growth and higher cost environment.

Leverage. Balance sheet net debt at the end of the year was only slightly higher compared to the net debt as of December 31, 2017 keeping the Company's net debt/EBITDA ratio contained at 0.7x, in line with that of a year ago.

2. Material change in principal business during the reporting period

Yes No

3. Products accounting for over 10% of revenue or profit from principal business of the Company

Applicable Not applicable

Unit: RMB'000

Product Name	Operating revenues	Operating profit	Gross margin	YoY increase/decrease of the operating revenues	YoY increase/decrease of the operating profit	YoY increase/decrease of the gross margin
Agro	25,615,119,000.00	3,256,021,000.00	33.30%	7.54%	93.98%	-6.09%

4. Existing seasonal or cyclical operations

Yes No

5. Significant change of revenue, operating costs or net profit belonged to holders of ordinary shares of the Company based on YoY

Applicable Not applicable

6. Trading suspension and termination of the listing

Applicable Not applicable

7. Matters regarding the financial report

(1) Explanation of the changes of the accounting policy, the accounting estimates and the accounting methods compared to the last financial report

Applicable Not applicable

The changes of the accounting policies of the Group are as follows:

The Group began to apply the followings revised Accounting Standard for Business Enterprise (“ASBE”) promulgated by the Ministry of Finance, as of January 1, 2018:

“Revised ASBE22 - Financial Instruments Recognition and Measurement”; “Revised ASBE 23 - Transfer of Financial Assets”; “Revised ASBE24 - Hedging”; “Revised ASBE37 - Presentation and Disclosure of Financial Instrument”; and “Revised ASBE14 - Revenue”.

(2) Explain retrospective restatement due to correction of significant accounting errors in the reporting period

Applicable Not applicable

No such cases in the reporting period.

(3) Explain change of the consolidation scope as compared with the financial reporting of last year

Applicable Not applicable