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SINOFERT HOLDINGS LIMITED

中化化肥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

ANNOUNCEMENT

FINANCIAL DATA OF SINOCHEM FERTILIZER FOR THE YEAR ENDED 31 DECEMBER 2016 AND THE THREE MONTHS ENDED 31 MARCH 2017

This announcement is made by Sinofer Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcements of the Company dated (i) 19 July 2016 and 25 July 2016 in relation to the issue of the first tranche of the medium-term notes for the year of 2016 in an amount of RMB1 billion by Sinochem Fertilizer Company Limited (“**Sinochem Fertilizer**”), an indirect wholly-owned subsidiary of the Company; (ii) 17 August 2016 and 22 August 2016 in relation to the issue of the second tranche of the super & short-term commercial paper for the year of 2016 in an amount of RMB1 billion by Sinochem Fertilizer; and (iii) 22 August 2016 and 25 August 2016 in relation to the issue of the third tranche of the super & short-term commercial paper for the year of 2016 in an amount of RMB1 billion by Sinochem Fertilizer.

According to the relevant PRC regulations, Sinochem Fertilizer is required to publish its financial data on a quarterly basis on the website of Shanghai Clearing House at www.shclearing.com and the website of China Money at www.chinamoney.com.cn during the term of the above debts. Set out below are the audited financial data of Sinochem Fertilizer for the year ended 31 December 2016 and the unaudited financial data of Sinochem Fertilizer for the three months ended 31 March 2017, which are prepared in accordance with the China Accounting Standards for Business Enterprises, and have no material difference from those prepared in accordance with the Hong Kong Financial Reporting Standards. The financial data of Sinochem Fertilizer for the year ended 31 December 2016 contained herein have been consolidated into the accounts of the Group for the year ended 31 December 2016 published by the Company on 30 March 2017.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Qin Hengde
Executive Director and Chief Executive Officer

Hong Kong, 26 April 2017

As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company are Mr. Zhang Wei (Chairman), Mr. Yang Lin, Dr. Stephen Francis Dowdle and Ms. Xiang Dandan; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.

** For identification purposes only*



SINOCHEM FERTILIZER CO., LTD.

ENGLISH TRANSLATION OF FINANCIAL STATEMENTS
FOR THE YEAR 1 JANUARY 2016 TO 31 DECEMBER 2016
IF THERE IS ANY CONFLICT BETWEEN THE CHINESE VERSION AND ITS ENGLISH
TRANSLATION, THE CHINESE VERSION WILL PREVAIL

AUDITORS' REPORT

毕马威华振审字第 1701792 号

All owners of Sinochem Fertilizer Co., Ltd.:

We have audited the accompanying financial statements of Sinochem Fertilizer Co., Ltd. ("the Company") on pages 1 to 80, which comprise the consolidated balance sheet and balance sheet as at 31 December 2016, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in owners' equity and statement of change in owners' equity for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for Certified Public Accountants, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

AUDITORS' REPORT (continued)

毕马威华振审字第 1701792 号

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2016, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirement of Accounting Standards for Business Enterprises issued by the Ministry of Finance of People's Republic of China.

KPMG Huazhen LLP

Certified Public Accountants
Registered in the People's Republic of
China

Wang Ting

China Beijing

Li Qian

20 April 2017

Sinochem Fertilizer Co., Ltd.
Consolidated balance sheet
as at 31 December 2016
(Expressed in renminbi yuan)

	Note	2016	2015
Assets			
Current assets			
Cash at bank and on hand	6	440,554,996.91	182,041,218.55
Bills receivable	7	100,337,605.35	279,299,096.08
Accounts receivable	8	270,447,098.87	111,827,985.09
Prepayments	9	1,043,807,166.94	686,822,737.10
Interest receivable		1,124,971.88	1,167,638.84
Other receivables	10	110,763,621.89	112,175,543.98
Inventories	11	3,803,131,103.09	5,939,211,589.75
Other current assets	12	1,058,236,948.50	1,017,745,719.72
Non-current assets due within one year		1,423,380.15	1,418,939.13
Total current assets		<u>6,829,826,893.58</u>	<u>8,331,710,468.24</u>
Non-current assets			
Available-for-sale financial assets	13	388,186,900.13	388,186,900.13
Long-term equity investments	14	9,077,264,103.90	12,152,266,330.21
Fixed assets	15	3,047,885,118.70	2,501,521,993.99
Construction in progress	16	379,741,368.92	1,374,528,866.34
Intangible assets	17	1,152,140,836.73	1,195,013,268.98
Goodwill	18	531,073,744.64	531,073,744.64
Long-term deferred expenses	19	19,086,636.74	18,646,189.58
Deferred tax assets	20	31,840,236.93	42,893,731.59
Total non-current assets		<u>14,627,218,946.69</u>	<u>18,204,131,025.46</u>
Total assets		<u>21,457,045,840.27</u>	<u>26,535,841,493.70</u>

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated balance sheet
as at 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
Liabilities and owners' equity			
Current liabilities			
Short-term loans	22	540,000,000.00	1,583,429,560.32
Bills payable	23	1,168,002,681.69	1,382,747,320.25
Accounts payable		3,483,505,934.82	4,873,465,075.16
Advances from customers		3,109,888,673.64	1,405,831,465.06
Employee benefits payable	24	21,500,229.86	79,793,116.83
Taxes payable	4(3)	41,535,671.43	34,883,366.46
Interest payable		87,105,206.88	37,971,879.23
Dividends payable		28,696,120.61	31,065,530.62
Other payables	25	652,395,073.87	540,733,111.71
Other current liabilities	26	2,000,000,000.00	2,000,000,000.00
Total current liabilities		<u>11,132,629,592.80</u>	<u>11,969,920,425.64</u>
Non-current liabilities			
Long-term loans	27	-	200,000,000.00
Debentures payable	28	3,493,184,999.40	2,490,834,999.44
Provisions	29	47,127,937.64	44,836,117.46
Deferred tax liabilities	20	220,647,917.47	234,668,805.09
Deferred income	30	45,252,580.75	47,125,605.99
Total non-current liabilities		<u>3,806,213,435.26</u>	<u>3,017,465,527.98</u>
Total liabilities		<u>14,938,843,028.06</u>	<u>14,987,385,953.62</u>

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated balance sheet
as at 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
Liabilities and owners' equity (continued)			
Owners' equity			
Paid-in capital	31	10,600,000,000.00	10,600,000,000.00
Capital reserve	32	378,602,626.64	395,212,697.22
Specific reserve	33	6,184,431.92	3,536,708.26
Surplus reserve	34	487,741,563.04	487,741,563.04
(Accumulated loss) / retained earnings		<u>(4,817,599,396.28)</u>	<u>12,164,100.23</u>
Total equity attributable to owners of the Company		6,654,929,225.32	11,498,655,068.75
Non-controlling interests		<u>(136,726,413.11)</u>	<u>49,800,471.33</u>
Total owners' equity		<u>6,518,202,812.21</u>	<u>11,548,455,540.08</u>
Total liabilities and owners' equity		<u>21,457,045,840.27</u>	<u>26,535,841,493.70</u>

These financial statements have been approved by the Company on 20 April 2017.

Qin Hengde	Gao Jian	Liu Junru	(Company stamp)
Legal	Accounting	The Head of the	
Representative	Comptroller	Accounting Department	

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated income statement
for the year ended 31 December 2016
(Expressed in renminbi yuan)

	Note	2016	2015
Operating income	35	15,144,935,225.53	25,684,597,198.28
Less: Operating costs		15,077,044,200.76	24,177,675,519.35
Taxes and surcharges	36	65,286,910.27	78,179,307.49
Selling and distribution expenses		753,837,959.55	772,370,129.28
General and administrative expenses		685,095,950.36	520,786,472.46
Financial expenses	37	248,224,326.26	107,429,465.84
Impairment losses	38	3,274,088,416.29	72,858,551.06
Add: Investment (losses) / income	39	(86,722,185.05)	120,816,865.80
(Including: (losses) / income from investment in associates and joint ventures)		<u>(110,853,952.57)</u>	<u>80,255,190.86</u>
Operating (loss) / profit		(5,045,364,723.01)	76,114,618.60
Add: Non-operating income	40	50,514,272.92	100,632,228.16
(Including: Gains from disposal of non-current assets)		1,513,925.93	339,657.62
Less: Non-operating expenses	41	14,995,777.54	19,249,446.48
(Including: Losses from disposal of non-current assets)		<u>6,157,932.15</u>	<u>2,307,181.01</u>
(Loss) / Profit before income tax		<u>(5,009,846,227.63)</u>	<u>157,497,400.28</u>

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated income statement
for the year ended 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
(Loss) / Profit before income tax		(5,009,846,227.63)	157,497,400.28
Less: Income tax expense	42	<u>3,795,780.76</u>	<u>147,355,547.63</u>
Net (loss) / profit for the year		<u>(5,013,642,008.39)</u>	<u>10,141,852.65</u>
Attributable to:			
Owners of the Company		(4,827,115,772.85)	28,392,702.31
Non-controlling interests		(186,526,235.54)	(18,250,849.66)
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(5,013,642,008.39)</u>	<u>10,141,852.65</u>
Attributable to:			
Owners of the Company		(4,827,115,772.85)	28,392,702.31
Non-controlling interests		(186,526,235.54)	(18,250,849.66)

These financial statements have been approved by the Company on 20 April 2017.

Qin Hengde Legal Representative	Gao Jian Accounting Comptroller	Liu Junru The Head of the Accounting Department	(Company stamp)
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The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2016
(Expressed in renminbi yuan)

	Note	2016	2015
Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		19,748,682,860.41	25,675,422,974.48
Proceeds from other operating activities		43,427,557.29	204,311,092.66
Sub-total of cash inflows		<u>19,792,110,417.70</u>	<u>25,879,734,067.14</u>
Payment for goods and services		18,046,571,392.08	27,729,726,479.22
Payment to and for employees		661,915,015.16	668,440,456.87
Payment of various taxes		149,731,335.73	125,087,631.39
Payment for other operating activities		102,473,548.19	229,876,787.88
Sub-total of cash outflows		<u>18,960,691,291.16</u>	<u>28,753,131,355.36</u>
Net cash inflow / (outflow) from operating activities	43(1)	<u>831,419,126.54</u>	<u>(2,873,397,288.22)</u>
Cash flows from investing activities:			
Proceeds from disposal of investments		8,926,694,984.17	19,627,449,840.00
Investment returns received		153,093,475.39	194,911,274.01
Net proceeds from disposal of fixed assets, and intangible assets		7,998,038.03	3,662,893.34
Sub-total of cash inflows		<u>9,087,786,497.59</u>	<u>19,826,024,007.35</u>
Payment for acquisition of fixed assets, intangible assets and other long-term assets		288,998,252.11	413,674,025.97
Payment for acquisition of investments		8,837,500,000.00	22,980,419,852.46
Sub-total of cash outflows		<u>9,126,498,252.11</u>	<u>23,394,093,878.43</u>
Net cash outflow from investing activities		<u>(38,711,754.52)</u>	<u>(3,568,069,871.08)</u>

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated cash flow statement
for the year ended 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
Cash flows from financing activities:			
Proceeds from investors		-	3,000,000,000.00
Proceeds from borrowings	11,410,444,677.49	8,347,834,101.28	
Proceeds from issuance of debentures	4,000,000,000.00	2,000,000,000.00	
Sub-total of cash inflows	15,410,444,677.49	13,347,834,101.28	
Repayments of borrowings	15,653,874,237.81	6,948,815,931.90	
Payment for dividends, profit distributions or interest	298,729,093.74	232,391,998.44	
Sub-total of cash outflows	15,952,603,331.55	7,181,207,930.34	
Net cash (outflow) / inflow from financing activities	(542,158,654.06)	6,166,626,170.94	
Effect of foreign exchange rate changes on cash and cash equivalents	7,965,060.40	3,727,631.00	
Net increase / (decrease) in cash and cash equivalents	43(2) 258,513,778.36	(271,113,357.36)	
Add: cash and cash equivalents at the beginning of the year	182,041,218.55	453,154,575.91	
Cash and cash equivalents at the end of the year	43(3) 440,554,996.91	182,041,218.55	

Qin Hengde
Legal
Representative

Gao Jian
Accounting
Comptroller

Liu Junru
The Head of the
Accounting Department

(Company stamp)

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated statement of changes in owners' equity
for the year ended 31 December 2016
(Expressed in Renminbi Yuan)

Note	Attributable to owners of the Company					Non-controlling interests	Total
	Paid-in capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings / (accumulated loss)		
Balance at 1 January 2016	10,600,000,000.00	395,212,697.22	3,536,708.26	487,741,563.04	12,164,100.23	49,800,471.33	11,548,455,540.08
Changes in equity for the year							
1. Total comprehensive expense	-	-	-	-	(4,827,115,772.85)	(186,526,235.54)	(5,013,642,008.39)
2. Specific reserve	-	-	28,332,700.34	-	(28,332,700.34)	-	-
- Accrued	-	-	(25,684,976.68)	-	25,684,976.68	-	-
- Utilized	-	-	-	-	-	-	-
3. Other equity changes	-	(16,610,070.58)	-	-	-	-	(16,610,070.58)
- Share of an associate's net assets changes	-	-	-	-	-	(648.90)	(648.90)
- Deregistration of a subsidiary	-	-	-	-	-	-	-
Sub-total of 1 to 3	-	(16,610,070.58)	2,647,723.66	-	(4,829,763,496.51)	(186,526,884.44)	(5,030,252,727.87)
Balance at 31 December 2016	10,600,000,000.00	378,602,626.64	6,184,431.92	487,741,563.04	(4,817,599,396.28)	(136,726,413.11)	6,518,202,812.21

Qin Hengde Legal Representative	Gao Jian Accounting Comptroller	Liu Junru The Head of the Accounting Department
		(Company stamp)

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Consolidated statement of changes in owners' equity
for the year ended 31 December 2015
(Expressed in Renminbi Yuan)

Note	Attributable to owners of the Company					(Accumulated loss) / retained earnings	Sub-total	Non-controlling interests	Total
	Paid-in capital	Capital reserve	Specific reserve	Surplus reserve					
Balance at 1 January 2015	7,600,000,000.00	1,090,163,693.26	19,341,036.27	487,741,563.04	(32,032,930.09)	9,165,213,362.48	68,051,320.99	9,233,264,683.47	
Changes in equity for the year									
1. Total comprehensive income	-	-	-	-	28,392,702.31	28,392,702.31	(18,250,849.66)	10,141,852.65	
2. Owners' contributions	3,000,000,000.00	-	-	-	-	3,000,000,000.00	-	3,000,000,000.00	
- Contribution by owners									
- Dilution in relation to deemed disposal of interest in an associate	-	(694,950,996.04)	-	-	-	(694,950,996.04)	-	(694,950,996.04)	
3. Specific reserve	-	-	30,408,988.36	-	(30,408,988.36)	-	-	-	
- Accrued	-	-	(46,213,316.37)	-	46,213,316.37	-	-	-	
- Utilized									
Sub-total of 1 to 3	3,000,000,000.00	(694,950,996.04)	(15,804,328.01)	-	44,197,030.32	2,333,441,706.27	(18,250,849.66)	2,315,190,856.61	
Balance at 31 December 2015	10,600,000,000.00	395,212,697.22	3,536,708.26	487,741,563.04	12,164,100.23	11,498,655,068.75	49,800,471.33	11,548,455,540.08	

Qin Hengde Legal Representative	Gao Jian Accounting Comptroller	Liu Junru The Head of the Accounting Department	(Company stamp)
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The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Balance sheet
as at 31 December 2016
(Expressed in renminbi yuan)

	Note	2016	2015
Assets			
Current assets			
Cash at bank and on hand	6	402,966,022.76	105,627,513.40
Bills receivable	7	84,790,061.35	187,371,549.08
Accounts receivable	8	202,890,847.44	283,533,637.63
Prepayments	9	1,354,632,628.80	710,632,281.57
Interest payable		5,792,363.46	6,059,397.01
Dividends receivable		36,000,000.00	36,000,000.00
Other receivables	10	137,841,431.94	134,317,095.75
Inventories	11	2,918,800,127.48	4,750,854,012.00
Other current assets	12	3,820,587,061.52	3,155,905,830.38
Total current assets		8,964,300,544.75	9,370,301,316.82
Non-current assets			
Available-for-sale financial assets	13	384,186,900.13	384,186,900.13
Long-term equity investments	14	11,763,033,654.06	14,792,842,221.14
Fixed assets	15	62,794,988.99	67,698,465.38
Construction in progress	16	-	1,750,000.00
Intangible assets	17	15,380,908.48	13,507,912.57
Long-term deferred expenses	19	804,667.00	1,117,147.34
Deferred tax assets	20	5,653,047.72	13,591,822.41
Other non-current assets		577,957,628.54	1,058,653,844.37
Total non-current assets		12,809,811,794.92	16,333,348,313.34
Total assets		21,774,112,339.67	25,703,649,630.16

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Balance sheet
as at 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
Liabilities and owners' equity			
Current liabilities			
Short-term loans	22	620,500,000.00	1,458,429,560.32
Bills payable	23	1,102,178,078.28	1,153,847,090.25
Accounts payable		2,893,180,137.45	4,546,779,915.19
Advances from customers		2,903,648,710.38	1,327,935,277.50
Employee benefits payable	24	5,504,071.41	49,407,922.07
Taxes payables	4(3)	32,464,542.20	29,713,273.59
Interest payable		94,319,503.34	39,352,120.27
Other payables	25	478,379,344.56	427,084,027.53
Other current liabilities	26	2,201,000,000.00	2,000,000,000.00
Total current liabilities		<u>10,331,174,387.62</u>	<u>11,032,549,186.72</u>
Non-current liabilities			
Long-term loans	27	20,000,000.00	401,000,000.00
Debentures payable	28	3,493,184,999.40	2,490,834,999.44
Deferred income	30	2,883,500.00	1,275,000.00
Total non-current liabilities		<u>3,516,068,499.40</u>	<u>2,893,109,999.44</u>
Total liabilities		<u>13,847,242,887.02</u>	<u>13,925,659,186.16</u>

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Balance sheet
as at 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
Liabilities and owners' equity (continued)			
Owners' equity			
Paid-in capital	31	10,600,000,000.00	10,600,000,000.00
Capital reserve	32	374,214,141.79	390,824,212.37
Surplus reserve	34	498,894,604.32	498,894,604.32
(Accumulated loss) / retained earnings		<u>(3,546,239,293.46)</u>	<u>288,271,627.31</u>
Total owners' equity		<u>7,926,869,452.65</u>	<u>11,777,990,444.00</u>
Total liabilities and owners' equity		<u>21,774,112,339.67</u>	<u>25,703,649,630.16</u>

These financial statements have been approved by the Company on 20 April 2017.

Qin Hengde	Gao Jian	Liu Junru	(Company stamp)
Legal	Accounting	The Head of the	
Representative	Comptroller	Accounting Department	

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Income statement
for the year ended 31 December 2016
(Expressed in renminbi yuan)

	Note	2016	2015
Operating income	35	14,250,379,157.20	25,158,548,812.05
Less: Operating costs		14,310,945,384.14	24,249,866,139.87
Taxes and surcharges	36	33,497,990.33	53,171,281.48
Selling and distribution expenses		483,537,346.41	474,838,949.99
General and administrative expenses		229,244,425.29	235,173,109.95
Financial expenses	37	250,371,601.79	127,559,491.17
Impairment losses	38	2,894,819,298.73	31,255,098.74
Add: Investment income	39	107,207,682.91	278,687,626.54
(Including: (Losses) / Income from investment in associates and joint ventures)		(63,398,172.06)	74,467,634.35
Operating (loss) / profit		(3,844,829,206.58)	265,372,367.39
Add: Non-operating income	40	22,005,080.34	36,641,636.09
(Including: Gains from disposal of non-current assets)		687,184.16	253,407.92
Less: Non-operating expenses	41	3,748,019.84	8,894,820.07
(Including: Losses from disposal of non-current assets)		2,665,454.18	340,652.00
(Loss) / profit before income tax		(3,826,572,146.08)	293,119,183.41

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Income statement
for the year ended 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
(Loss) / profit before income tax		(3,826,572,146.08)	293,119,183.41
Less: Income tax expense	42	<u>7,938,774.69</u>	<u>156,003,168.06</u>
Net (loss) / profit for the year		(3,834,510,920.77)	137,116,015.35
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(3,834,510,920.77)</u>	<u>137,116,015.35</u>

These financial statements have been approved by the Company on 20 April 2017.

Qin Hengde Legal Representative	Gao Jian Accounting Comptroller	Liu Junru The Head of the Accounting Department	(Company stamp)
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The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Cash flow statement
for the year ended 31 December 2016
(Expressed in renminbi yuan)

	Note	2016	2015
Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		18,722,856,760.09	24,425,816,269.90
Proceeds from other operating activities		24,139,218.73	37,662,085.87
Sub-total of cash inflows		<u>18,746,995,978.82</u>	<u>24,463,478,355.77</u>
Payment for goods and services		17,821,020,219.06	27,485,469,900.31
Payment to and for employees		290,710,494.14	290,253,394.95
Payment of various taxes		69,983,929.83	76,640,303.84
Payment for other operating activities		170,677,024.54	293,379,413.64
Sub-total of cash outflows		<u>18,352,391,667.57</u>	<u>28,145,743,012.74</u>
Net cash inflow / (outflow) from operating activities	43(1)	<u>394,604,311.25</u>	<u>(3,682,264,656.97)</u>
Cash flows from investing activities:			
Proceeds from disposal of investments		11,239,667,484.17	25,897,620,000.00
Investment returns received		301,070,028.22	376,326,252.21
Net proceeds from disposal of fixed assets		5,760,105.17	1,651,165.03
Sub-total of cash inflows		<u>11,546,497,617.56</u>	<u>26,275,597,417.24</u>
Payment for acquisition of fixed assets, intangible assets and other long-term assets		12,314,987.74	22,233,184.45
Payment for acquisition of investments		11,334,551,801.84	28,865,633,502.95
Sub-total of cash outflows		<u>11,346,866,789.58</u>	<u>28,887,866,687.40</u>
Net cash inflow / (outflow) from investing activities		<u>199,630,827.98</u>	<u>(2,612,269,270.16)</u>

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Cash flow statement
for the year ended 31 December 2016 (continued)
(Expressed in renminbi yuan)

	Note	2016	2015
Cash flows from financing activities:			
Proceeds from investors		-	3,000,000,000.00
Proceeds from borrowings	12,189,244,677.49	8,628,334,101.28	
Proceeds from issuance of debentures	4,000,000,000.00	2,000,000,000.00	
Sub-total of cash inflows	16,189,244,677.49	13,628,334,101.28	
Repayments of borrowings	16,207,174,237.81	7,385,870,942.90	
Payment for dividends, profit distributions or interest	286,929,358.69	229,257,435.10	
Sub-total of cash outflows	16,494,103,596.50	7,615,128,378.00	
Net cash (outflow) / inflow from financing activities	(304,858,919.01)	6,013,205,723.28	
Effect of foreign exchange rate changes on cash and cash equivalents	7,962,289.14	3,724,001.88	
Net increase / (decrease) in cash and cash equivalents	43(2) 297,338,509.36	(277,604,201.97)	
Add: cash and cash equivalents at the beginning of the year	105,627,513.40	383,231,715.37	
Cash and cash equivalents at the end of the year	43(3) 402,966,022.76	105,627,513.40	

Qin Hengde
Legal
Representative

Gao Jian
Accounting
Comptroller

Liu Junru
The Head of the
Accounting Department

(Company stamp)

The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Statement of changes in owners' equity
for the year ended 31 December 2016
(Expressed in Renminbi Yuan)

	Note	Paid-in Capital	Capital reserve	Surplus reserve	Retained earnings / (accumulated loss)	Total
Balance at 1 January 2016		10,600,000,000.00	390,824,212.37	498,894,604.32	288,271,627.31	11,777,990,444.00
Changes in equity for the year						
1. Total comprehensive income		-	-	-	(3,834,510,920.77)	(3,834,510,920.77)
2. Other equity changes						
- Share of an associate's net assets changes		-	(16,610,070.58)	-	-	(16,610,070.58)
Sub-total		-	(16,610,070.58)	-	(3,834,510,920.77)	(3,851,120,991.35)
Balance at 31 December 2016		10,600,000,000.00	374,214,141.79	498,894,604.32	(3,546,239,293.46)	7,926,869,452.65

Qin Hengde Legal Representative	Gao Jian Accounting Comptroller	Liu Junru The Head of the Accounting Department	(Company stamp)
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The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Statement of changes in owners' equity
for the year ended 31 December 2015
(Expressed in Renminbi Yuan)

	Note	Paid-in Capital	Capital reserve	Surplus reserve	Retained earnings	Total
Balance at 1 January 2015		7,600,000,000.00	1,085,775,208.41	498,894,604.32	151,155,611.96	9,335,825,424.69
Changes in equity for the year						
1. Total comprehensive income						
2. Owners' contributions		-	-	-	137,116,015.35	137,116,015.35
- Contribution by owners		3,000,000,000.00	-	-	-	3,000,000,000.00
- Dilution in relation to deemed disposal of interest in an associate		-	(694,950,996.04)	-	-	(694,950,996.04)
Sub-total		3,000,000,000.00	(694,950,996.04)	-	137,116,015.35	2,442,165,019.31
Balance at 31 December 2015		10,600,000,000.00	390,824,212.37	498,894,604.32	288,271,627.31	11,777,990,444.00

Qin Hengde Legal Representative	Gao Jian Accounting Comptroller	Liu Junru The Head of the Accounting Department	(Company stamp)
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The notes on pages 19 to 80 form part of these financial statements.

Sinochem Fertilizer Co., Ltd.
Notes to the financial statements
(Expressed in Renminbi Yuan)

1 Company status

Sinochem Fertilizer Co., Ltd. (the "Company"), previously known as Sinochem International Fertilizer Trading Co., Ltd., was founded in April 1993 with its head office located in Beijing. The Company was restructured as a foreign-owned enterprise held by China Fertilizer (Holdings) Co., Ltd. ("China Fertilizer") with the approval of the Commerce department (Foreign economic and Trade Committee) [2005] 0001 and the registered capital is RMB 10,600,000,000.00. The Company's ultimate holding company is Sinochem Group Co., Ltd. ("Sinochem Group").

The major operations of the Company together with its subsidiaries (hereinafter collectively referred to as "the Group") include: License management projects: manufacture fertilizer raw materials, fertilizer products and fodder; wholesales of hazardous chemical (excluding state-operated trading); purchase and sales of minerals. General management projects: sales of home-made products; import and export of fertilizer raw materials, fertilizer products and pesticide; commission agency and its supporting businesses (excluding state-operating trading and import); wholesales and retails of fertilizer raw materials, fertilizer products and pesticide; operate fertilizer related businesses and fertilizer related technology development, technical services and technology consulting; property management of self-owned real estate (including scriptorium leasing).

2 Basis of preparation

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

As at 31 December 2016, the Group and the Company's net current liabilities are RMB 4.3 billion and RMB 1.37 billion respectively. The Group and the Company's ability to repay its liabilities mainly depends on its cash inflows from operating activities and external financing. When preparing the financial statements, the management believes that the Group can obtain sufficient capital to settle down its long-term and short-term debts and maintain its capital expenditure, considering the expected cash inflows and its available unutilized bank loan facilities of approximately RMB11.05 billion as at 31 December 2016. Therefore, the financial statements have been prepared on the going concern basis.

(1) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2016, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

(2) Accounting year

The accounting year of the Group is from 1 January to 31 December.

(3) Functional currency and presentation currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

3 Significant accounting policies and accounting estimates

(1) Business combinations and consolidated financial statements

(a) Business combinations not involving enterprises under common control

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 both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. If (1) is less than (2), the difference is recognized in profit or loss for the current period. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

(b) Consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where a subsidiary was acquired during the reporting period, through a business combination not involving enterprises under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the 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 current 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 is still allocated against the non-controlling interests. Changes in the interest in a subsidiary without a change in control are accounted for as equity transactions.

When the Group loses control of a subsidiary, the Group derecognises assets, liabilities, non-controlling interests and other related items in owners' equity in relation to that subsidiary.

(2) Translation of foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate on the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rate on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets (see Note 3(20)). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

(3) Cash and Cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(4) Inventories

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. Cost of inventories is calculated using the weighted average method. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Any excess of the cost over the net realisable value of each class of inventories is recognized as a provision for impairment, and is recognized in profit or loss. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale including relevant taxes.

(5) Long-term equity investments

(a) Investments in subsidiaries

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the principles described in Note 3(1)(b).

In the Company's separate financial statements, investments in subsidiaries are measured as follows:

- For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.
- An investment in a subsidiary acquired other than through a business combination is initially recognised in accordance with the principles described in Note 3(5)(b).

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the subsidiary as investment income in the current period. The investments in subsidiaries are stated in the balance sheet at cost less impairment losses (see Note 3(12)(b)).

(b) Investments in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence.

An investment in a joint venture or an associate is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

An investment in a joint venture or an associate is accounted for using the equity method, unless the investment is classified as held for sale.

Under the equity method:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.
- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.

- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The Group makes provision for impairment of investments in joint ventures and associates in accordance with the principles described in Note 3(12)(b).

(6) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services or administrative purposes with useful lives over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(12)(b)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(12)(b)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalized borrowing costs (see Note 3(20)), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Construction in progress is transferred to fixed assets when it is ready for its intended use. No depreciation is provided against construction in progress.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets if the criteria to recognize fixed assets are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

The cost of fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	<i>Estimated useful life (years)</i>	<i>Residual value rate</i>	<i>Depreciation rate</i>
Plant and buildings	20 - 30	3% - 5%	3.17% - 4.85%
Machinery and equipment	10 - 14	3% - 5%	6.79% - 9.70%
Office and other equipment	8	3% - 5%	11.88% - 12.13%
Underground structures		Depreciate under output method based on recoverable reserves	
Motor vehicles	4	3% - 5%	23.75% - 24.25%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

(7) Leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(a) Operating lease charges

Rental payments under operating leases are recognized as part of the cost of another related asset or as expenses on a straight-line basis over the lease term.

(b) Assets leased out under operating leases

Income derived from operating leases is recognised in profit or loss using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalized and subsequently amortized in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(8) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see Note 3(12)(b)).

For an intangible asset with finite useful life, its cost less residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The respective amortization periods for such intangible assets are as follows:

	<i>Amortization period</i>
Land use right	10 - 50 years
Mining rights	Depreciate under output method based on recoverable reserves
Others	10 - 20 years

(9) 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 3(12)(b)). 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.

(10) Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see Note 3(12)(b)).

Long-term deferred expenses are amortised over their beneficial periods. The respective amortisation periods for the long-term deferred expenses are as follows:

	<i>Amortisation period</i>
Catalyzer	2-5 years
Land rentals	3-22 years
Others	3-7 years

(11) Financial instruments

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note 3(5)), receivables, payables, loans and borrowings, debentures payable and paid-in capital.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

As at the balance sheet date and the comparative period, the Group did not have financial assets and financial liabilities measured at fair value, as well as held-to-maturity investments.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables are measured at amortised cost using the effective interest method.
- Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost. Other available-for-sale financial assets are measured at fair value and changes therein are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income is recognised in profit or loss when the investee approves the dividends. Interest is recognised in profit or loss using the effective interest method (see Note 3(17)(c)).
- Financial liabilities other than those at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. However, a financial guarantee issued by the Group is subsequently measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles for contingent liabilities (see Note 3(16)).

(b) Presentation of financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognized amounts; and
- the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognized if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- carrying amount of the financial asset transferred
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized directly in equity.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expires.

(d) Equity instrument

Except for the paid-in capital contributed by the investors, the Company does not have public equity instrument.

(12) Impairment of assets

Except for impairment of assets in Note 3(4) and (15), impairment of assets is accounted for using the following principles:

(a) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognized.

- Receivables

Receivables are assessed for impairment on an individual basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. Impairment losses are recognized in profit or loss.

If, after an impairment loss has been recognized on receivables, there is a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding what the amortized cost would have been had no impairment loss been recognized in prior years.

- Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis.

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognized directly in equity is reclassified to profit or loss even though the financial asset has not been derecognized.

If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. An impairment loss recognized for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

(b) Impairment of other assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- goodwill
- long-term deferred expenses
- long-term equity investments

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note 3(13)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

(13) Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

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.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(14) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organizations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognized as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

(15) Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- they relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(16) Provisions and contingent liabilities

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows.

(17) Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when those inflows result in increases in equity, other than increases relating to contributions from owners. Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(a) Sale of goods

Revenue is recognized when all of the general conditions stated above and following conditions are satisfied:

- Significant risks and rewards of ownership of goods have been transferred to the buyer;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable under the sales contract or agreement.

(b) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognized by reference to the stage of completion based on the progress of work performed.

Where the outcome cannot be estimated reliably, revenues are recognized to the extent of the costs incurred that are expected to be recoverable if the costs incurred are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognized in profit or loss and no service revenue is recognized.

(c) Interest income

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(18) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of "capital reserve" are also dealt with as capital contributions, rather than government grants.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to 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 transfer of a non-monetary asset, it is measured at fair value.

A government grant related to an asset is recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset. A grant that compensates the Group for expenses to be incurred in the future is recognized initially as deferred income, and released to profit or loss in the periods in which the expenses are recognized. A grant that compensates the Group for expenses already incurred is recognized in profit or loss immediately.

(19) Specific reserve

The Group recognizes a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses. When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognized, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognized in accumulated depreciation with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

(20) Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction of a qualifying asset are capitalized as part of the cost of the asset.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- To the extent that the Group borrows funds generally and uses them for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended. Capitalization of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalization of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally for a period of more than three months.

(21) Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

(22) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

(23) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and are similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes 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 the actual transaction prices for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(24) Significant accounting estimates and judgments

The preparation of 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 3(6) and (8) contain information about the accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets. Notes 8, 9, 10, 11, 13, 14, 15, and 18 contain information about the accounting estimates relating to provisions for impairment of various types of assets. Other significant accounting estimates are as follows:

Note 46: Valuation of fair value of financial instruments;

4 Taxation

- (1) The types of taxes applicable to the Group's sale of goods and rendering of services include business tax, value added tax (VAT) and etc.

<u>Tax Name</u>	<u>Tax basis and applicable rate</u>
Business tax	3% or 5% of taxable interest income and other incomes
VAT	Output VAT is 0%, 3%, 13% or 17% of product sales and taxable services revenue, based on tax laws. The remaining balance of output VAT, after subtracting the deductible input VAT of the period, is VAT payable

- (2) Income tax

The statutory income tax rate of the Company is 25% (2015: 25%). The applicable income tax rate for the year is the statutory rate.

Except for the preferential tax treatments stated below, the tax rate for all the other subsidiaries of the Company for the year is 25% (2015: 25%).

Subsidiaries that are entitled to preferential tax treatments are as follows:

<i>Name of enterprises</i>	<i>Preferential rate</i>	<i>Reason</i>
Sinochem Chongqing Fuling Chemical Fertilizer Co.,Ltd. ("Sinochem Fuling")	15%	Tax preference in West Development Strategy
Sinochem Yunlong Co.,Ltd. ("Sinochem Yunlong")	15%	Hi-tech enterprise

(3) Taxes payable

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Input VAT	868,412.02	(528,615.87)	-	3,229,279.16
Business tax payable	321,339.41	1,062,533.90	-	584,810.60
Income tax payable	11,051,789.43	11,428,744.97	11,790,705.82	11,790,705.82
Others	29,294,130.57	22,920,703.46	20,673,836.38	14,108,478.01
Total	41,535,671.43	34,883,366.46	32,464,542.20	29,713,273.59

5 The consolidated financial statements

As at 31 December 2016, the consolidated financial statements included the following subsidiaries:

<i>Name of the joint subsidiary</i>	<i>Registration place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage</i>	<i>Voting rights</i>
Sinochem Fuling	Fuling	Production and sales of fertilizers	RMB148,000,000.00	60%	60%
Chongqing Tengsheng Agricultural Means of Production Co., Ltd.	Fuling	Sales of fertilizers	RMB50,000,000.00	60%	60%
Chongqing Fuling Qilixing Tiegongshui Transportation Co., Ltd.	Fuling	Freight forwarder	RMB40,000,000.00	30.60%	30.60%
Sinochem Jilin Changshan Chemical Co., Ltd. ("Jilin Changshan")	Changshan	Production and sales of fertilizers	RMB1,018,650,000.00	94.78%	94.78%
Sinochem Yunlong	Xundian	Production and sales of fodder	RMB500,000,000.00	100%	100%
Yunnan Julong Mining Development Co., Ltd ("Julong Mining")	Xundian	Exploration and operation of mineral products	RMB50,000,000.00	100%	100%
Sinochem Shandong Fertilizer Co., Ltd. ("Shandong Fertilizer")	Linyi	Production and sales of fertilizers	RMB100,000,000.00	51%	51%
Sinochem Hainan Crop Science and Technology Co., Ltd. ("Sinochem Hainan")	Haikou	Sales of fertilizers	RMB200,000,000.00	100%	100%
Sinochem Yantai Crop Nutrition Co., Ltd. ("Sinochem Yantai")	Yantai	Production and sales of fertilizers	USD1,493,000.00	95.90%	95.90%
Hubei Sinochem Orient Fertilizer Co., Ltd. ("Hubei Orient")	Wuhan	Production and sales of fertilizers	RMB30,000,000.00	80%	80%
Fujian Sinochem Zhisheng Chemical Fertilizer Co., Ltd. ("Sinochem Zhisheng")	Yongan	Production and sales of fertilizers	RMB47,000,000.00	53.19%	53.19%
Sinochem Fert-Mart Agricultural Superstore Co., Ltd. ("Fert-Mart")	Beijing	Sales of fertilizers	RMB100,000,000.00	100%	100%
Suifenhe Xinkaiyuan Trading Co., Ltd. ("Suifenhe")	Suifenhe	Sales of fertilizers	RMB5,000,000.00	100%	100%
Manzhouli Kaiming Fertilizer Co., Ltd. ("Manzhouli")	Manzhouli	Sales of fertilizers	RMB5,000,000.00	100%	100%
Pingyuan County Xinglong Textile Co., Ltd. ("Xinglong textile")	Pingyuan	Production and sales of textiles	RMB15,000,000.00	75%	75%

The Board of the Company considers there are no material non-controlling interests of the Group's subsidiaries.

6 Cash at bank and on hand

	<i>The Group</i>		<i>The Company</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash on hand	77,346.84	63,949.52	15,782.85	14,756.94
Deposits with banks	<u>440,477,650.07</u>	<u>181,977,269.03</u>	<u>402,950,239.91</u>	<u>105,612,756.46</u>
Total	<u>440,554,996.91</u>	<u>182,041,218.55</u>	<u>402,966,022.76</u>	<u>105,627,513.40</u>

As at 31 December 2016 and 2015, neither the Group and the Company had cash at bank or other material funds that are restricted.

7 Bills receivable

	<i>The Group</i>		<i>The Company</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank acceptance bills	<u>100,337,605.35</u>	<u>279,299,096.08</u>	<u>84,790,061.35</u>	<u>187,371,549.08</u>

All of the above bills are due within one year. For the details of pledged bills receivable, please refer to Note 21.

8 Accounts receivable

(1) Accounts receivable analysis :

	<i>The Group</i>		<i>The Company</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounts receivable	279,849,277.45	121,067,286.20	202,890,847.44	283,533,637.63
Less: provision for bad and doubtful debts	<u>9,402,178.58</u>	<u>9,239,301.11</u>	<u>-</u>	<u>-</u>
Total	<u>270,447,098.87</u>	<u>111,827,985.09</u>	<u>202,890,847.44</u>	<u>283,533,637.63</u>

- (2) The ageing analysis of accounts receivable is as follows:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Within 1 year (inclusive)	267,758,830.97	84,293,371.99	73,504,467.56	255,804,077.67
Over 1 year but within 2 years (inclusive)	380,519.21	24,759,787.78	125,431,492.00	18,901,640.47
Over 2 years but within 3 years (inclusive)	1,179,574.84	2,705,333.77	5,150.82	4,878,182.43
Over 3 years	10,530,352.43	9,308,792.66	3,949,737.06	3,949,737.06
Sub-total	279,849,277.45	121,067,286.20	202,890,847.44	283,533,637.63
Less: provision for bad and doubtful debts	9,402,178.58	9,239,301.11	-	-
Total	270,447,098.87	111,827,985.09	202,890,847.44	283,533,637.63

The ageing is counted starting from the date when accounts receivable are recognized.

- (3) An analysis of the movements of provisions for impairment of receivables for the year is as follows:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Balance at the beginning of the year	9,239,301.11	12,991,661.50	-	-
Addition during the year	316,087.94	5,735,139.61	78,386.77	-
Reversals during the year	-	(9,487,500.00)	-	-
Write off during the year	(153,210.47)	-	(78,386.77)	-
Balance at the end of the year	9,402,178.58	9,239,301.11	-	-

9 Prepayments

(1) Prepayments analysis:

	<i>The Group</i>		<i>The Company</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Prepayments	1,058,489,853.34	700,662,621.40	1,354,632,628.80	710,632,281.57
Less: provision for bad and doubtful debts	<u>14,682,686.40</u>	<u>13,839,884.30</u>	<u>-</u>	<u>-</u>
Total	<u>1,043,807,166.94</u>	<u>686,822,737.10</u>	<u>1,354,632,628.80</u>	<u>710,632,281.57</u>

(2) The ageing analysis of prepayments is as follows:

	<i>The Group</i>		<i>The Company</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Within 1 year (inclusive)	1,017,439,824.37	656,835,235.79	1,320,520,078.62	687,020,782.10
Over 1 year but within 2 years (inclusive)	8,697,847.15	33,094,117.11	22,050,076.50	17,274,145.65
Over 2 years but within 3 years (inclusive)	22,056,334.96	2,892,230.23	11,386,526.15	6,189,546.86
Over 3 years	<u>10,295,846.86</u>	<u>7,841,038.27</u>	<u>675,947.53</u>	<u>147,806.96</u>
Sub-total	1,058,489,853.34	700,662,621.40	1,354,632,628.80	710,632,281.57
Less: provision for bad and doubtful debts	<u>14,682,686.40</u>	<u>13,839,884.30</u>	<u>-</u>	<u>-</u>
Total	<u>1,043,807,166.94</u>	<u>686,822,737.10</u>	<u>1,354,632,628.80</u>	<u>710,632,281.57</u>

The ageing is counted starting from the date when prepayments are recognized.

(3) An analysis of the movements of provisions for impairment of prepayments for the year is as follows:

	<i>The Group</i>		<i>The Company</i>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance at the beginning of the year	13,839,884.30	5,046,419.04	-	-
Addition during the year	946,710.10	8,793,465.26	-	-
Reversals during the year	<u>(103,908.00)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>14,682,686.40</u>	<u>13,839,884.30</u>	<u>-</u>	<u>-</u>

10 Other receivables

(1) Other receivables analysis:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Other receivables	141,886,432.36	126,778,704.06	160,225,860.66	136,937,095.75
Less: provision for bad and doubtful debts	31,122,810.47	14,603,160.08	22,384,428.72	2,620,000.00
Total	<u>110,763,621.89</u>	<u>112,175,543.98</u>	<u>137,841,431.94</u>	<u>134,317,095.75</u>

(2) The ageing analysis of other receivables is as follows:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Within 1 year (inclusive)	93,299,399.72	64,551,443.01	76,641,564.21	41,058,497.27
Over 1 year but within 2 years (inclusive)	8,400,794.97	24,545,868.49	4,927,937.46	15,553,536.43
Over 2 years but within 3 years (inclusive)	10,640,209.12	8,504,242.67	1,107,422.60	13,695,944.39
Over 3 years	29,546,028.55	29,177,149.89	77,548,936.39	66,629,117.66
Sub-total	141,886,432.36	126,778,704.06	160,225,860.66	136,937,095.75
Less: provision for bad and doubtful debts	31,122,810.47	14,603,160.08	22,384,428.72	2,620,000.00
Total	<u>110,763,621.89</u>	<u>112,175,543.98</u>	<u>137,841,431.94</u>	<u>134,317,095.75</u>

The ageing is counted starting from the date when other receivables are recognized.

(3) An analysis of the movements of provisions for impairment of other receivables for the year is as follows:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Balance at the beginning of the year	14,603,160.08	9,886,725.05	2,620,000.00	2,620,000.00
Addition during the year	19,985,984.83	4,716,435.03	19,764,428.72	-
Reversals during the year	(92,734.63)	-	-	-
Write off during the year	(3,373,599.81)	-	-	-
Balance at the end of the year	<u>31,122,810.47</u>	<u>14,603,160.08</u>	<u>22,384,428.72</u>	<u>2,620,000.00</u>

11 Inventories

(1) An analysis of inventories by respective categories is as follows:

The Group

	2016	2015
Raw materials	362,194,322.31	395,585,474.14
Work in progress	51,227,685.69	62,421,630.85
Finished goods	3,409,590,540.84	5,474,920,039.72
Consumables	46,463,939.05	51,706,984.65
Sub-total	3,869,476,487.89	5,984,634,129.36
Less: Provision for the impairment of inventories	66,345,384.80	45,422,539.61
Total	<u>3,803,131,103.09</u>	<u>5,939,211,589.75</u>

The Company

	2016	2015
Finished goods	2,963,776,610.72	4,782,109,110.74
Less: Provision for the impairment of inventories	44,976,483.24	31,255,098.74
Total	<u>2,918,800,127.48</u>	<u>4,750,854,012.00</u>

At the year end, neither the Group and the Company had the inventories pledged as security (2015: Nil).

(2) An analysis of provision for the impairment of inventories is as follows:

	<i>The Group</i>		
	<i>Balance at 1 Jan 2016</i>	<i>Provision made for the year</i>	<i>Transferred out</i>
Raw materials	284,838.82	282,108.75	(284,838.82)
Finished goods	44,091,642.90	58,767,805.28	(37,854,203.92)
Consumables	1,046,057.89	330,799.24	(318,825.34)
Total	<u>45,422,539.61</u>	<u>59,380,713.27</u>	<u>(38,457,868.08)</u>

	<i>The Group</i>			<i>Balance at 31 Dec 2015</i>
	<i>Balance at 1 Jan 2015</i>	<i>Provision made for the year</i>	<i>Transferred out</i>	
Raw materials	1,156,711.29	198,566.98	(1,070,439.45)	284,838.82
Finished goods	31,062,318.53	34,686,203.17	(21,656,878.80)	44,091,642.90
Consumables	1,153,793.08	-	(107,735.19)	1,046,057.89
Total	33,372,822.90	34,884,770.15	(22,835,053.44)	45,422,539.61

	<i>The Company</i>			<i>Balance at 31 Dec 2016</i>
	<i>Balance at 1 Jan 2016</i>	<i>Provision made for the year</i>	<i>Transferred out</i>	
Finished goods	31,255,098.74	44,976,483.24	(31,255,098.74)	44,976,483.24

	<i>The Company</i>			<i>Balance at 31 Dec 2015</i>
	<i>Balance at 1 Jan 2015</i>	<i>Provision made for the year</i>	<i>Transferred out</i>	
Finished goods	11,296,533.68	31,255,098.74	(11,296,533.68)	31,255,098.74

When making estimates of net realisable value, the Group and the Company take into consideration the market prices of all fertilizer kinds, estimated selling expenses and historical operating costs.

12 Other current assets

	<i>The Group</i>		<i>The Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Bank financing products	-	1,200,000.00	-	1,200,000.00
Entrusted loans to subsidiaries	-	-	2,873,395,517.67	2,208,620,000.00
Entrusted loans to associates	670,000,000.00	670,000,000.00	670,000,000.00	670,000,000.00
Deductible income tax	384,608,886.03	345,817,213.66	274,922,024.87	276,085,830.38
Others	3,628,062.47	728,506.06	2,269,518.98	-
Total	1,058,236,948.50	1,017,745,719.72	3,820,587,061.52	3,155,905,830.38

13 Available-for-sale financial assets

	<i>The Group</i>		<i>The Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Equity instruments	397,477,658.61	397,477,658.61	393,477,658.61	393,477,658.61
Less: Provision for impairment	9,290,758.48	9,290,758.48	9,290,758.48	9,290,758.48
Total	388,186,900.13	388,186,900.13	384,186,900.13	384,186,900.13

14 Long-term equity investments

	Note	<i>The Group</i>		<i>The Company</i>	
		2016	2015	2016	2015
Investments in subsidiaries	(1)	-	-	2,971,652,683.06	2,973,914,804.32
Investments in joint ventures	(2)	374,003,887.23	581,436,290.02	315,133,018.98	525,417,821.30
Investments in associates	(3)	11,533,260,216.67	11,570,830,040.19	11,306,247,952.02	11,293,509,595.52
Sub-total		11,907,264,103.90	12,152,266,330.21	14,593,033,654.06	14,792,842,221.14
Less: Provision for impairment		2,830,000,000.00	-	2,830,000,000.00	-
Total		9,077,264,103.90	12,152,266,330.21	11,763,033,654.06	14,792,842,221.14

- (1) As at 31 December 2016, the Company's investments in subsidiaries were as follows:

	<i>The Company</i>	
	2016	2015
Sinochem Fuling	227,941,779.03	227,941,779.03
Jilin Changshan	578,830,000.00	578,830,000.00
Sinochem Yunlong	1,680,000,000.00	1,680,000,000.00
Shandong Fertilizer	44,499,051.29	44,499,051.29
Sinochem Hainan	200,000,000.00	200,000,000.00
Sinochem Yantai	11,270,983.33	11,270,983.33
Hubei Orient	24,090,787.21	24,090,787.21
Sinochem Zhisheng	27,126,592.18	27,126,592.18
Xining Zhongtian	-	2,262,121.26
Fert-Mart	100,000,000.00	100,000,000.00
Xinglong Textile	20,079,700.41	20,079,700.41
Suifenhe	5,651,647.19	5,651,647.19
Manzhouli	4,527,203.29	4,527,203.29
Julong Mining	47,634,939.13	47,634,939.13
Total	2,971,652,683.06	2,973,914,804.32

Detailed information about the subsidiaries is set out in Note 5.

- (2) As at 31 December 2016, the Group's and the Company's investments in joint ventures were as follows:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Immaterial joint ventures	374,003,887.23	581,436,290.02	315,133,018.98	525,417,821.30

Details of the Group's joint ventures at the end of 2016 are as follows:

<i>Name of the joint ventures</i>	<i>Registration place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage</i>	<i>Voting rights percentage</i>
Yunnan Three Circles - Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem")	Kunming	Production and sales of fertilizers	RMB800,000,000.00	40%	40%
Gansu Wengfu Chemical Co., Ltd. ("Gansu Wengfu")	Jinchang	Production and sales of fertilizers	RMB181,000,000.00	30%	30%
Tianjin Beifang Chemical Fertilizer Logistics and Delivery Co., Ltd.	Tianjin	Freight forwarder	RMB3,000,000.00	60%	60%
Hainan Zhongsheng Agricultural Technology Co., Ltd. ("Hainan Zhongsheng")	Haikou	Sales of pesticides	RMB100,000,000.00	51%	51%

The directors of the Company are of the opinion that no joint ventures are individually material to the Group. Details of immaterial joint ventures accounted for using the equity method is summarized as follows:

	2016	2015
Aggregate carrying amount of investments	374,003,887.23	581,436,290.02
Aggregate amount of share of		
- Net (loss) / profit	(101,706,821.65)	48,817,620.84
- Total comprehensive income	(101,706,821.65)	48,817,620.84

- (3) As at 31 December 2016, the Group's and the Company's investments in associates were as follows:

		<i>The Group</i>		<i>The Company</i>	
		2016	2015	2016	2015
Material associates	(i)	11,046,433,525.61	11,066,049,074.74	11,046,433,525.61	11,066,049,074.74
Immaterial associates	(ii)	486,826,691.06	504,780,965.45	259,814,426.41	227,460,520.78
sub-total		11,533,260,216.67	11,570,830,040.19	11,306,247,952.02	11,293,509,595.52
Less: Provision for impairment		2,830,000,000.00	-	2,830,000,000.00	-
Total		8,703,260,216.67	11,570,830,040.19	8,476,247,952.02	11,293,509,595.52

Details of the Group's associates are as follows:

<i>Name of the associates</i>	<i>Registration place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage</i>	<i>Voting rights percentage</i>
Qinghai Salt Lake Industrial Co., Ltd. ("Qinghai Salt Lake") (Note)	Ge'ermu	Production and sales of fertilizers	RMB1,857,393,734.00	20.52%	20.52%
Guizhou Xinxin Chemical Group Co., Ltd. ("Xinxin Group")	Guiyang	Production of Phosphorus ore	RMB200,000,000.00	30%	30%
Guizhou Xinxin Coal Chemical (Group) Co., Ltd.	Bijie	Coal Chemical technology development	RMB200,000,000.00	30%	30%
Yangmei Pingyuan Chemical Co., Ltd. ("Yangmei Pingyuan")	Pingyuan	Production and sales of fertilizers	RMB560,296,500.00	36.75%	36.75%
Fuling Zhongwang Agricultural Materials Co., Ltd.	Fuling	Sales of pesticides	RMB400,000.00	24%	24%

Note: The first half year of 2016, Qinghai Salt Lake purchased the Non-controlling interests share of its subsidiary, leading to a decrease of RMB80,945,763.06 of capital reserve in consolidation financial statements. The Company has 20.52% of Qinghai Salt Lake's share, the movement of net assets besides net profit or loss and distribution of profits leads to a decrease of RMB16,610,070.58 in capital reserve. According to the accounting policy mentioned in note 3(5)(b), the Group recognize the decrease in the interests of Qinghai Salt Lake in capital reserve.

At the balance sheet date, the directors re-assessed the recoverable amount of the interest in Qinghai Salt Lake Industry Co., Ltd. ("Qinghai Salt Lake"). The recoverable amount was estimated with reference to the investment's value-in-use, which is derived by estimating the Group's share of the present value of the estimated future cash flows expected to be generated by Qinghai Salt Lake. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rate and expected changes to revenue and direct costs used in the cash flow forecasts. Changes in revenue and direct costs are based on historical experience and expectations of future changes in the market. The directors of the Company estimated discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific relating to Qinghai Salt Lake. The key assumptions used in the value-in-use calculation for Qinghai Salt Lake include the point in time of the chemical production lines are ready for use, the expected utilization rate of the chemical production lines and the estimated discount rates which ranged from 10% to 13.9%.

Since the value-in-use of Qinghai Salt Lake is lower than its carrying amount, an impairment loss amounting to RMB2,830 million was recognized by the Group at 31 December 2016.

(i) Details of the Group's material associates are as follows:

The following table sets out the key financial information of the Group's material associates, adjusted for fair value adjustments at the time of acquisition and the differences in adopting accounting policies of the Group. The table also reconciles the key financial information to the carrying amount of the Group's investments in the associates when using the equity method:

	<u>Qinghai Salt Lake</u>	
	2016	2015
Current assets	15,060,877,363.69	16,818,478,920.68
Non-current assets	74,778,785,351.35	71,000,251,377.63
Total assets	<u>89,839,662,715.04</u>	<u>87,818,730,298.31</u>
Current liabilities	21,799,644,855.43	20,131,768,850.33
Non-current liabilities	37,321,536,865.99	37,148,409,974.57
Total liabilities	<u>59,121,181,721.42</u>	<u>57,280,178,824.90</u>
Net assets		
- Attributable to Qinghai Salt Lake	28,871,419,236.50	28,967,011,581.19
- Attributable to minority shareholders	1,847,061,757.12	1,571,539,892.22
	<u>30,718,480,993.62</u>	<u>30,538,551,473.41</u>
Group's share of net assets	5,924,415,227.33	5,944,030,776.46
Add: Goodwill raised when the investment is obtained	5,122,018,298.28	5,122,018,298.28
Less: Provision for impairment	2,830,000,000.00	-
Carrying amount of investment in associates	<u>8,216,433,525.61</u>	<u>11,066,049,074.74</u>
Revenue	10,364,138,892.79	10,882,222,496.33
Profit attributable to shareholders of Qinghai Salt Lake	42,919,802.45	129,940,178.77
Dividend received from Qinghai Salt Lake	11,812,622.01	12,234,391.72

- (ii) Details of immaterial associates accounted for using the equity method are summarized as follows:

	2016	2015
Aggregate carrying amount of investments	486,826,691.06	504,780,965.45
Aggregate amount of share of share of		
- Net profit	(17,954,274.39)	23,272,982.72
- Total comprehensive income	(17,954,274.39)	23,272,982.72

15 Fixed assets

The Group

	<i>Plant & buildings</i>	<i>Machinery & equipment</i>	<i>Motor vehicles</i>	<i>Office & other equipment</i>	<i>Total</i>
Cost					
Balance at 1 January 2015	2,042,695,766.14	2,584,576,037.53	84,544,990.02	336,258,622.81	5,048,075,416.50
Additions during the year	13,571,468.60	22,221,696.61	6,784,844.34	7,991,432.75	50,569,442.30
Transfer from construction in progress	26,153,792.55	22,570,805.15	-	4,058,117.40	52,782,715.10
Disposal during the year	-	(2,005,927.99)	(8,504,704.65)	(4,701,389.49)	(15,212,022.13)
Balance at the end of the year 31 December 2015	2,082,421,027.29	2,627,362,611.30	82,825,129.71	343,606,783.47	5,136,215,551.77
Additions during the year	6,576,970.09	28,697,640.70	4,640,579.85	8,404,505.51	48,319,696.15
Transfer from construction in progress	363,171,176.76	867,039,666.45	-	8,766,929.00	1,238,977,772.21
Disposal during the year	(3,615,814.96)	(28,621,730.16)	(24,400,906.57)	(17,412,682.26)	(74,051,133.95)
Balance at 31 December 2016	2,448,553,359.18	3,494,478,188.29	63,064,802.99	343,365,535.72	6,349,461,886.18
Less: Accumulated depreciation					
Balance at 1 January 2015	904,384,244.73	1,190,961,821.00	49,010,121.85	147,116,003.82	2,291,472,191.40
Charge for the year	84,202,686.86	189,328,940.89	9,287,691.86	17,622,150.23	300,441,469.84
Written off on disposal	-	(1,184,320.06)	(6,626,990.19)	(4,170,641.15)	(11,981,951.40)
Balance at 31 December 2015	988,586,931.59	1,379,106,441.83	51,670,823.52	160,567,512.90	2,579,931,709.84
Charge for the year	104,721,349.73	233,054,259.76	8,087,461.07	18,773,666.06	364,636,736.62
Written off on disposal	(1,286,321.39)	(14,282,456.02)	(17,009,801.60)	(15,776,349.09)	(48,354,928.10)
Balance at 31 December 2016	1,092,021,959.93	1,597,878,245.57	42,748,482.99	163,564,829.87	2,896,213,518.36
Less: Provision for impairment					
Balance at 1 January 2015	7,024,941.54	18,732,559.17	-	788,106.22	26,545,606.93
Charge for the year	14,680,969.54	13,535,271.47	-	-	28,216,241.01
Written off on disposal	-	-	-	-	-
Balance at 31 December 2015	21,705,911.08	32,267,830.64	-	788,106.22	54,761,847.94
Charge for the year	209,104,855.28	153,850,616.10	308,484.83	391,606.57	363,655,562.78
Written off on disposal	(1,462,772.90)	(11,591,388.70)	-	-	(13,054,161.60)
Balance at 31 December 2016	229,347,993.46	174,527,058.04	308,484.83	1,179,712.79	405,363,249.12
Carrying amounts					
At 31 December 2016	1,127,183,405.79	1,722,072,884.68	20,007,835.17	178,620,993.06	3,047,885,118.70
At 31 December 2015	1,072,128,184.62	1,215,988,338.83	31,154,306.19	182,251,164.35	2,501,521,993.99

In 2016, the Group recognized impairment loss amounted to RMB363,655,562.78 for the fixed assets which are obsolete, damaged or could not bring economic benefits (2015: RMB28,216,241.01).

For the details of pledged fixed assets, please refer to Note 21.

The Company

	<i>Plant & buildings</i>	<i>Machinery & equipment</i>	<i>Office & other equipment</i>	<i>Total</i>
Cost				
Balance at 1 January 2015	27,302,447.00	45,676,185.04	40,733,858.58	113,712,490.62
Additions during the year	10,508,538.36	4,220,305.00	3,823,077.78	18,551,921.14
Transfer from construction in progress	-	-	-	-
Disposal during the year	-	(5,977,383.00)	(3,566,660.78)	(9,544,043.78)
Balance at the end of the year 31 December 2015	37,810,985.36	43,919,107.04	40,990,275.58	122,720,367.98
Additions during the year	1,332,907.88	2,193,587.37	5,990,294.63	9,516,789.88
Transfer from construction in progress	-	-	1,750,000.00	1,750,000.00
Disposal during the year	-	(17,780,409.00)	(6,599,618.21)	(24,380,027.21)
Balance at 31 December 2016	39,143,893.24	28,332,285.41	42,130,952.00	109,607,130.65
Less: Accumulated depreciation				
Balance at 1 January 2015	581,845.39	21,789,218.99	30,841,835.77	53,212,900.15
Charge for the year	757,832.88	4,885,942.55	3,970,861.69	9,614,637.12
Written off on disposal	-	(4,721,602.77)	(3,084,031.90)	(7,805,634.67)
Balance at 31 December 2015	1,339,678.27	21,953,558.77	31,728,665.56	55,021,902.60
Charge for the year	942,109.76	3,931,904.18	3,557,877.14	8,431,891.08
Written off on disposal	-	(11,136,426.50)	(5,505,225.52)	(16,641,652.02)
Balance at 31 December 2016	2,281,788.03	14,749,036.45	29,781,317.18	46,812,141.66
Carrying amounts				
At 31 December 2016	36,862,105.21	13,583,248.96	12,349,634.82	62,794,988.99
At 31 December 2015	36,471,307.09	21,965,548.27	9,261,610.02	67,698,465.38

As at 31 December 2016, the Company did not have fixed assets with restricted usage (2015: Nil).

As at 31 December 2016, the Company did not have any fixed assets pledged as security (2015: Nil).

16 Construction in progress

The Group

	2016	2015
Balance at the beginning of the year	1,374,528,866.34	1,050,604,390.43
Additions during the year	244,190,274.79	376,707,191.01
Transfer to fixed assets	(1,238,977,772.21)	(52,782,715.10)
Balance at the end of the year	<u>379,741,368.92</u>	<u>1,374,528,866.34</u>

The Company

	2016	2015
Balance at the beginning of the year	1,750,000.00	-
Additions during the year	-	1,750,000.00
Transfer to fixed assets	(1,750,000.00)	-
Balance at the end of the year	<u>-</u>	<u>1,750,000.00</u>

17 Intangible assets

The Group

	<i>Land use rights</i>	<i>Mining rights</i>	<i>Others</i>	<i>Total</i>
Cost				
Balance at 1 January 2015	662,468,843.88	768,139,437.71	43,650,264.20	1,474,258,545.79
Additions during the year	13,622,331.11	-	9,464,563.41	23,086,894.52
Disposal during the year	-	-	2,400,346.00	2,400,346.00
Balance at 31 December 2015	676,091,174.99	768,139,437.71	50,714,481.61	1,494,945,094.31
Additions during the year	-	-	4,986,817.99	4,986,817.99
Disposal during the year	-	-	-	-
Balance at 31 December 2016	<u>676,091,174.99</u>	<u>768,139,437.71</u>	<u>55,701,299.60</u>	<u>1,499,931,912.30</u>
Less: Accumulated amortization				
Balance at 1 January 2015	135,234,085.60	92,155,590.05	25,565,396.66	252,955,072.31
Charge for the year	13,203,015.79	32,310,606.31	1,463,130.92	46,976,753.02
Written off on disposal	-	-	-	-
Balance at 31 December 2015	148,437,101.39	124,466,196.36	27,028,527.58	299,931,825.33
Charge for the year	13,108,611.74	32,305,902.15	2,444,736.35	47,859,250.24
Written off on disposal	-	-	-	-
Balance at 31 December 2016	<u>161,545,713.13</u>	<u>156,772,098.51</u>	<u>29,473,263.93</u>	<u>347,791,075.57</u>
Carrying amounts				
At 31 December 2016	<u>514,545,461.86</u>	<u>611,367,339.20</u>	<u>26,228,035.67</u>	<u>1,152,140,836.73</u>
At 31 December 2015	<u>527,654,073.60</u>	<u>643,673,241.35</u>	<u>23,685,954.03</u>	<u>1,195,013,268.98</u>

For the details of pledged intangible assets, please refer to Note 21.

The Company

	Software	Patent & Trademarks	Non-patent technology	Total
Cost				
Balance at 1 January 2015	8,586,225.88	350,000.00	4,530,032.14	13,466,258.02
Additions during the year	1,931,263.31	-	-	1,931,263.31
Balance at 31 December 2015	10,517,489.19	350,000.00	4,530,032.14	15,397,521.33
Additions during the year	2,798,197.86	-	-	2,798,197.86
Balance at 31 December 2016	13,315,687.05	350,000.00	4,530,032.14	18,195,719.19
Less: Accumulated amortization				
Balance at 1 January 2015	186,804.71	350,000.00	619,402.45	1,156,207.16
Charge for the year	489,023.60	-	244,378.00	733,401.60
Balance at 31 December 2015	675,828.31	350,000.00	863,780.45	1,889,608.76
Charge for the year	586,198.83	-	339,003.12	925,201.95
Balance at 31 December 2016	1,262,027.14	350,000.00	1,202,783.57	2,814,810.71
Carrying amounts				
At 31 December 2016	12,053,659.91	-	3,327,248.57	15,380,908.48
At 31 December 2015	9,841,660.88	-	3,666,251.69	13,507,912.57

As at 31 December 2016, the Company did not have any intangible assets pledged as security (2015: Nil).

18 Goodwill

The Group 2016 & 2015

Cost	
Balance at the beginning and the end of the year	531,073,744.64
Less: Provision for impairment	
Balance at the beginning and the end of the year	-
Carrying amounts	
Balance at the beginning and the end of the year	<u>531,073,744.64</u>

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to the cash-generating units ("CGUs") of the related segments as follows:

	2016	2015
Production-Sinochem Yunlong	<u>531,073,744.64</u>	<u>531,073,744.64</u>

The recoverable amounts of these CGUs have been determined on the basis of value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rate and expected changes to revenue and direct costs used in the cash flow forecasts. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market. The directors of the Company estimate discount rates using pre-tax rates that reflect current market assessment of the time value of money and the risks specific relating to the CGUs. Cash flow forecasts of each CGU are derived from financial budgets of 2017 approved by the directors of the Company. The growth rates for the first 3 years from 2017 are based on the relevant CGUs' past performance and management's expectation for the market development and for the following years are based on steady growth rates.

The key assumptions used in the value in use calculation for related CGUs include:

Production

Discount rate	11%-12%
Average growth rate for the first three years from 2017	9.10%
Steady growth rate for the following years	4.72%

The value in use calculated is higher than the carrying amount for each CGU, accordingly, no impairment of goodwill was recognized for the year ended 31 December 2016.

19 Long-term deferred expenses

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Lease expense	7,139,107.08	8,351,780.95	-	-
Others	11,947,529.66	10,294,408.63	804,667.00	1,117,147.34
Total	<u>19,086,636.74</u>	<u>18,646,189.58</u>	<u>804,667.00</u>	<u>1,117,147.34</u>

20 Deferred tax assets and liabilities

The Group

	<i>Deferred tax assets / (liabilities)</i>			
	<i>Balance at the beginning of the year</i>	<i>Current year increase / decrease charged to profit or loss</i>	<i>Current year increase / decrease recognized directly in equity</i>	<i>Balance at the end of the year</i>
Provision for the impairment of assets	23,120,283.86	(8,236,829.71)	-	14,883,454.15
Unrealized internal sales profits	3,114,378.50	(1,790,210.61)	-	1,324,167.89
Deductible loss	4,202,025.58	(653,899.97)	-	3,548,125.61
Revaluation increment	(233,383,116.27)	12,735,198.80	-	(220,647,917.47)
Depreciation	(710,495.01)	1,324,926.85	-	614,431.84
Others	11,881,849.84	(411,792.40)	-	11,470,057.44
Total deferred tax assets / (liabilities)	<u>(191,775,073.50)</u>	<u>2,967,392.96</u>	<u>-</u>	<u>(188,807,680.54)</u>

The Company

	<i>Deferred tax assets / (liabilities)</i>			
	<i>Balance at the beginning of the year</i>	<i>Current year increase / decrease charged to profit or loss</i>	<i>Current year increase / decrease recognized directly in equity</i>	<i>Balance at the end of the year</i>
Provision for the impairment of assets	10,593,774.69	(7,938,774.69)	-	2,655,000.00
Deductible loss	-	-	-	-
Others	2,998,047.72	-	-	2,998,047.72
Total deferred tax assets / (liabilities)	13,591,822.41	(7,938,774.69)	-	5,653,047.72

At the balance sheet date, the deferred tax assets and liabilities on the balance sheet, after offsetting each other, were as follows:

	<i>The Group</i>		<i>The Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Deferred tax assets	31,840,236.93	42,893,731.59	5,653,047.72	13,591,822.41
Deferred tax liabilities	(220,647,917.47)	(234,668,805.09)	-	-
Total	(188,807,680.54)	(191,775,073.50)	5,653,047.72	13,591,822.41

Deferred tax assets not recognized

As the accounting policy described in Note 3(15), no deferred tax assets were recognized on the cumulative tax losses of approximately RMB5,702,815,809.95 (2015: RMB865,121,229.13) as the Group determines that the realization of the related tax benefit through future taxable profits is not probable. The deductible tax losses will expire within 5 years from incurred under current tax law.

At 31 December 2016, the Group and the Company had no deferred tax liabilities unrecognized (2015: Nil).

21 Restricted assets

As at 31 December 2016, the restricted assets are set out as follows:

	<i>Note</i>	<i>Balance at 1 January 2016</i>	<i>Additions during the year</i>	<i>Decrease during the year</i>	<i>Balance at 31 December 2016</i>
Assets pledged as collateral					
- Plant&buildings	15	5,022,409.54	4,373,739.86	(5,022,409.54)	4,373,739.86
- Land use rights	17	2,928,746.44	2,817,673.09	(2,928,746.44)	2,817,673.09
- Bills receivable	7	5,000,000.00	-	(5,000,000.00)	-
Total		12,951,155.98	7,191,412.95	(12,951,155.98)	7,191,412.95

According to the maximum mortgage contract and the bank loan facility agreement that Sinochem Zhisheng, one of the Group's subsidiaries, signed with Bank of China Yong'an Branch at 15 August 2016, the above plant and buildings, machinery, equipment and land use rights, totally RMB7,191,412.95, are collaterals for a loan facility of RMB30,000,000. The maturity date is 22 June 2017.

22 Short-term loans

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Unsecured loans	540,000,000.00	1,453,429,560.32	620,500,000.00	1,458,429,560.32
Guaranteed loans	-	130,000,000.00	-	-
Total	<u>540,000,000.00</u>	<u>1,583,429,560.32</u>	<u>620,500,000.00</u>	<u>1,458,429,560.32</u>

As at 31 December 2016, the Group and the Company did not have overdue short-term loans unpaid (2015: Nil).

23 Bills payable

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Bank acceptance bills	<u>1,168,002,681.69</u>	<u>1,382,747,320.25</u>	<u>1,102,178,078.28</u>	<u>1,153,847,090.25</u>

All of the above bills are due within one year.

24 Employee benefits payable

		<i>The Group</i>		<i>The Company</i>	
	Note	2016	2015	2016	2015
Short-term employee benefits	(1)	16,306,821.09	73,409,022.93	4,407,901.12	48,188,660.62
Post-employment benefits					
- defined contribution plans	(2)	<u>5,193,408.77</u>	<u>6,384,093.90</u>	<u>1,096,170.29</u>	<u>1,219,261.45</u>
Total		<u>21,500,229.86</u>	<u>79,793,116.83</u>	<u>5,504,071.41</u>	<u>49,407,922.07</u>

(1) Short-term employee benefits

	<i>The Group</i>			
	Balance at 1 January 2016	Accrued during the year	Paid during the year	Balance at 31 December 2016
Salaries, bonuses and allowances	50,542,233.85	386,785,032.37	(435,522,516.38)	1,804,749.84
Staff welfare	446,626.27	47,055,199.14	(47,055,199.14)	446,626.27
Social insurance				
Medical insurance	14,135,904.85	30,537,658.49	(38,888,927.71)	5,784,635.63
Work-related injury insurance	167,643.03	6,074,662.10	(6,073,877.86)	168,427.27
Maternity insurance	110,735.88	2,416,144.19	(2,437,118.28)	89,761.79
Housing fund	1,474,209.22	37,761,949.34	(38,174,280.14)	1,061,878.42
Labour union fee, staff and workers' education fee	<u>6,531,669.83</u>	<u>11,061,593.19</u>	<u>(10,642,521.15)</u>	<u>6,950,741.87</u>
Total	<u>73,409,022.93</u>	<u>521,692,238.82</u>	<u>(578,794,440.66)</u>	<u>16,306,821.09</u>

	<i>The Group</i>			
	<i>Balance at 1 January 2015</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2015</i>
Salaries, bonuses and allowances	69,571,238.06	449,627,119.38	(468,656,123.59)	50,542,233.85
Staff welfare	627,526.18	39,190,973.26	(39,371,873.17)	446,626.27
Social insurance				
Medical insurance	23,583,370.32	29,735,927.03	(39,183,392.50)	14,135,904.85
Work-related injury insurance	505,490.95	6,491,606.17	(6,829,454.09)	167,643.03
Maternity insurance	174,666.78	2,470,637.57	(2,534,568.47)	110,735.88
Housing fund	1,793,292.64	35,636,019.22	(35,955,102.64)	1,474,209.22
Labour union fee, staff and workers' education fee	5,462,854.61	10,165,213.20	(9,096,397.98)	6,531,669.83
Total	101,718,439.54	573,317,495.83	(601,626,912.44)	73,409,022.93

	<i>The Company</i>			
	<i>Balance at 1 January 2016</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2016</i>
Salaries, bonuses and allowances	44,854,059.52	169,374,985.40	(213,142,749.08)	1,086,295.84
Staff welfare	-	9,604,855.85	(9,604,855.85)	-
Social insurance				
Medical insurance	533,614.62	12,674,565.42	(12,714,240.92)	493,939.12
Work-related injury insurance	59,392.30	986,107.96	(925,054.33)	120,445.93
Maternity insurance	44,378.50	1,056,179.93	(1,058,365.81)	42,192.62
Housing fund	663,648.32	14,654,236.96	(14,696,724.64)	621,160.64
Labour union fee, staff and workers' education fee	2,033,567.36	4,988,939.23	(4,978,639.62)	2,043,866.97
Total	48,188,660.62	213,339,870.75	(257,120,630.25)	4,407,901.12

	<i>The Company</i>			
	<i>Balance at 1 January 2015</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2015</i>
Salaries, bonuses and allowances	49,120,072.65	209,612,857.39	(213,878,870.52)	44,854,059.52
Staff welfare	-	8,956,836.57	(8,956,836.57)	-
Social insurance				
Medical insurance	570,413.42	12,446,433.82	(12,483,232.62)	533,614.62
Work-related injury insurance	67,129.95	1,129,381.73	(1,137,119.38)	59,392.30
Maternity insurance	48,901.20	1,056,429.25	(1,060,951.95)	44,378.50
Housing fund	724,292.44	14,462,989.16	(14,523,633.28)	663,648.32
Labour union fee, staff and workers' education fee	1,980,937.56	3,585,464.95	(3,532,835.15)	2,033,567.36
Total	52,511,747.22	251,250,392.87	(255,573,479.47)	48,188,660.62

(2) Post-employment benefits – defined contribution plans

	<i>The Group</i>			
	<i>Balance at 1 January 2016</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2016</i>
Basic pension insurance	5,070,265.87	68,827,091.08	(71,173,397.76)	2,723,959.19
Unemployment insurance	1,148,050.99	3,693,254.61	(3,737,633.06)	1,103,672.54
Annuity	99,893.05	5,430,008.00	(4,230,008.00)	1,299,893.05
Others	65,883.99	3,979,535.68	(3,979,535.68)	65,883.99
Total	6,384,093.90	81,929,889.37	(83,120,574.50)	5,193,408.77

	<i>The Group</i>			
	<i>Balance at 1 January 2015</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2015</i>
Basic pension insurance	5,698,735.19	66,992,177.07	(67,620,646.39)	5,070,265.87
Unemployment insurance	1,157,879.86	4,402,352.11	(4,412,180.98)	1,148,050.99
Annuity	1,202,572.00	5,138,326.05	(6,241,005.00)	99,893.05
Others	65,883.99	984,399.45	(984,399.45)	65,883.99
Total	8,125,071.04	77,517,254.68	(79,258,231.82)	6,384,093.90

	<i>The Company</i>			
	<i>Balance at 1 January 2016</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2016</i>
Basic pension insurance	1,162,606.12	26,997,369.88	(27,108,270.16)	1,051,705.84
Unemployment insurance	61,762.28	1,365,843.67	(1,378,034.55)	49,571.40
Annuity	(5,106.95)	3,054,309.00	(3,054,309.00)	(5,106.95)
Others	-	2,014,512.18	(2,014,512.18)	-
Total	1,219,261.45	33,432,034.73	(33,555,125.89)	1,096,170.29

	<i>The Company</i>			
	<i>Balance at 1 January 2015</i>	<i>Accrued during the year</i>	<i>Paid during the year</i>	<i>Balance at 31 December 2015</i>
Basic pension insurance	1,485,276.58	27,379,955.63	(27,702,626.09)	1,162,606.12
Unemployment insurance	75,316.64	1,674,749.36	(1,688,303.72)	61,762.28
Annuity	2,572.00	3,102,658.05	(3,110,337.00)	(5,106.95)
Others	189,053.21	1,989,595.46	(2,178,648.67)	-
Total	1,752,218.43	34,146,958.50	(34,679,915.48)	1,219,261.45

25 Other payables

	<i>The Group</i>		<i>The Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Consideration payable for acquisition	230,000,000.00	230,000,000.00	230,000,000.00	230,000,000.00
Others	422,395,073.87	310,733,111.71	248,379,344.56	197,084,027.53
Total	652,395,073.87	540,733,111.71	478,379,344.56	427,084,027.53

26 Other current liabilities

	<u>The Group</u>	
	<u>2016</u>	<u>2015</u>
Short-term commercial paper	<u>2,000,000,000.00</u>	<u>2,000,000,000.00</u>
	<u>The Company</u>	
	<u>2016</u>	<u>2015</u>
Long-term loans due within one year	201,000,000.00	-
Short-term commercial paper	<u>2,000,000,000.00</u>	<u>2,000,000,000.00</u>
Total	<u>2,201,000,000.00</u>	<u>2,000,000,000.00</u>

The Group issued two short-term commercial papers of RMB1 billion respectively, with a term of 267 days and of 266 days in the PRC debenture market on 19 and 24 August 2016. The commercial papers bear fixed interest rate of 2.9% per annum.

27 Long-term loans

	<u>The Group</u>		<u>The Company</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Loans from Sinochem Group	-	200,000,000.00	-	200,000,000.00
Loans from subsidiaries	-	-	20,000,000.00	201,000,000.00
Total	<u>-</u>	<u>200,000,000.00</u>	<u>20,000,000.00</u>	<u>401,000,000.00</u>

The Company borrowed loans from its subsidiary Sinochem Yunlong for RMB20,000,000.00 with the period from 7 June 2016 to 6 June 2018 and the fixed interest rate is 3.92%.

28 Debentures payable

	<u>The Group and the Company</u>	
	<u>2016</u>	<u>2015</u>
Corporate bonds	<u>3,493,184,999.40</u>	<u>2,490,834,999.44</u>

The Company issued ten-year corporate bonds that were guaranteed by the Sinochem Group with a total face value of RMB2.5 billion and the fixed interest rate is 5%. The Company issued the first tranche of the medium-term notes for the year of 2016 with an aggregate principal amount of RMB1 billion, with a maturity of three years at a rate of 3.5% per annum.

29 Provisions

	<i>The Group</i>		
	<i>Balance at 1 January 2016</i>	<i>Charges for the year</i>	<i>Deemed equity decrease on subsidiary disposal</i>
Land reclamation fee& vegetation restoration fee	44,836,117.46	2,291,820.18	-
	<u>44,836,117.46</u>	<u>2,291,820.18</u>	<u>-</u>

	<i>The Group</i>		
	<i>Balance at 1 January 2015</i>	<i>Charges for the year</i>	<i>Deemed equity decrease on subsidiary disposal</i>
Land reclamation fee& vegetation restoration fee	42,501,647.11	2,334,470.35	-
	<u>42,501,647.11</u>	<u>2,334,470.35</u>	<u>-</u>

30 Deferred income

	<i>The Group</i>		<i>The Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
Government grants	45,252,580.75	47,125,605.99	2,883,500.00	1,275,000.00
	<u>45,252,580.75</u>	<u>47,125,605.99</u>	<u>2,883,500.00</u>	<u>1,275,000.00</u>

31 Paid-in capital

The Company's registered capital structure at 31 December is as follows:

	<i>2016</i>		<i>2015</i>	
	<i>Amount RMB</i>	<i>%</i>	<i>Amount RMB</i>	<i>%</i>
China Fertilizer	10,600,000,000.00	100%	10,600,000,000.00	100%
	<u>10,600,000,000.00</u>	<u>100%</u>	<u>10,600,000,000.00</u>	<u>100%</u>

Reanda Certified Public Accountants have verified the above issued and fully paid paid-in capital, and issued related capital verification reports (Reanda[2008], No.A1007) on 28 January 2008. The Company's registered capital increased from RMB7,600,000,000.00 to RMB10,600,000,000.00 with the approval of the Ministry of Commerce on 25 September 2015 and the modification of industrial and commercial registration was completed on 28 December 2015.

32 Capital reserve

The Group

	<i>Balance at 1 January 2016</i>	<i>Additions during the year</i>	<i>Transfers during the year</i>	<i>Balance at 31 December 2016</i>
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	407,097,445.93	-	(16,610,070.58)	390,487,375.35
Total	<u>395,212,697.22</u>	<u>-</u>	<u>(16,610,070.58)</u>	<u>378,602,626.64</u>

	Balance at 1 January 2015	Additions during the year	Transfers during the year	Balance at 31 December 2015
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	1,102,048,441.97	-	(694,950,996.04)	407,097,445.93
Total	1,090,163,693.26	-	(694,950,996.04)	395,212,697.22

The Company

	Balance at 1 January 2016	Additions during the year	Transfers during the year	Balance at 31 December 2016
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	402,708,961.08	-	(16,610,070.58)	386,098,890.50
Total	390,824,212.37	-	(16,610,070.58)	374,214,141.79

	Balance at 1 January 2015	Additions during the year	Transfers during the year	Balance at 31 December 2015
Capital premiums	(11,884,748.71)	-	-	(11,884,748.71)
Other capital reserves	1,097,659,957.12	-	(694,950,996.04)	402,708,961.08
Total	1,085,775,208.41	-	(694,950,996.04)	390,824,212.37

33 Specific reserve

	<i>The Group</i>	
	2016	2015
Balance at the beginning of the year	3,536,708.26	19,341,036.27
Additions during the year	28,332,700.34	30,408,988.36
Transfers during the year	(25,684,976.68)	(46,213,316.37)
Balance at the end of the year	6,184,431.92	3,536,708.26

Specific reserves were the accrued safety production cost mainly for Jilin Changshan, Shandong Fertilizer, Sinochem Yunlong and Sinochem Fuling in accordance with "Accrual and use of safety production cost management approach". Besides, Sinochem Yunlong accrued reproduction fee RMB 18 per ton as specific reserves.

34 Surplus reserve

The Group

	2016&2015
Balance at the beginning and the end of year	487,741,563.04

The Company

2016 & 2015

Balance at the beginning and the end of the year 498,894,604.32

35 Operating income

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Operating income from principal activities				
- Sale of goods	15,101,262,745.97	25,624,072,160.28	14,247,207,322.67	25,156,765,298.70
Other operating income				
- Rent, material sales and other operating incomes	43,672,479.56	60,525,038.00	3,171,834.53	1,783,513.35
Total	<u>15,144,935,225.53</u>	<u>25,684,597,198.28</u>	<u>14,250,379,157.20</u>	<u>25,158,548,812.05</u>

36 Taxes and surcharges

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Export tariff	25,980,581.35	36,857,650.02	21,835,281.35	36,857,650.02
Business tax	172,357.43	646,866.13	-	3,591.45
Urban maintenance and construction tax	3,653,201.36	2,859,672.88	2,678,320.19	2,249,541.16
Education surcharge	2,340,427.16	1,710,145.89	1,628,931.53	1,460,599.11
Stamp tax	7,667,776.50	13,752,350.11	6,712,295.19	11,205,424.95
Vehicle and vessel use tax	1,254,058.05	273,011.25	209,728.40	227,827.16
Housing property tax	8,744,592.11	7,433,244.29	117,482.39	82,381.39
Land use tax	15,082,958.89	13,269,400.38	2,601.55	6,880.22
Others	390,957.42	1,376,966.54	313,349.73	1,077,386.02
Total	<u>65,286,910.27</u>	<u>78,179,307.49</u>	<u>33,497,990.33</u>	<u>53,171,281.48</u>

37 Financial expenses

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Interest expenses from loans	347,843,011.35	257,350,789.37	344,246,741.72	252,639,702.17
Less: Borrowing costs capitalised	4,441,624.15	24,084,081.86	-	-
Interest income from deposits	(99,375,821.84)	(135,152,016.42)	(98,391,799.43)	(133,765,740.40)
Net exchange gains/(losses)	(7,318,488.79)	4,797,261.68	(6,511,512.47)	4,535,814.47
Other financial expenses	11,517,249.69	4,517,513.07	11,028,171.97	4,149,714.93
Total	<u>248,224,326.26</u>	<u>107,429,465.84</u>	<u>250,371,601.79</u>	<u>127,559,491.17</u>

The capitalization rates used to determine the amount of borrowing costs eligible for capitalization related to construction of production lines are 5.00% (2015: 5.45%) for the year ended 31 December 2016.

38 Impairment losses

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Accounts receivable	316,087.94	(3,752,360.39)	78,386.77	-
Other receivables	19,893,250.20	4,716,435.03	19,764,428.72	-
Prepayments	842,802.10	8,793,465.26	-	-
Inventories	59,380,713.27	34,884,770.15	44,976,483.24	31,255,098.74
Long-term equity investments	2,830,000,000.00	-	2,830,000,000.00	-
Fixed assets	363,655,562.78	28,216,241.01	-	-
Total	3,274,088,416.29	72,858,551.06	2,894,819,298.73	31,255,098.74

39 Investment income

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Long-term equity investments	(110,853,952.57)	80,255,190.86	(63,398,172.06)	74,467,634.35
Other investment income	24,131,767.52	40,561,674.94	170,605,854.97	204,219,992.19
Total	(86,722,185.05)	120,816,865.80	107,207,682.91	278,687,626.54

40 Non-operating income

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Gains on disposal of fixed assets	1,513,925.93	339,657.62	687,184.16	253,407.92
Government grants	15,773,670.01	37,494,838.31	150,000.00	405,186.00
Insurance indemnity income	18,802,221.61	43,061,280.69	17,101,317.51	30,006,659.11
Accounts payables unable to paid	3,699,115.49	7,450,434.38	2,965,612.48	4,926,129.51
Others	10,725,339.88	12,286,017.16	1,100,966.19	1,050,253.55
Total	50,514,272.92	100,632,228.16	22,005,080.34	36,641,636.09

41 Non-operating expenses

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Losses on disposal of fixed assets	6,157,932.15	2,307,181.01	2,665,454.18	340,652.00
Donations	674,668.80	395,100.11	37,958.80	-
Penalties	2,304,782.06	8,860,685.58	98,300.00	8,441,218.57
Others	5,858,394.53	7,686,479.78	946,306.86	112,949.50
Total	14,995,777.54	19,249,446.48	3,748,019.84	8,894,820.07

42 Income tax

(1) Income tax expense for the year represents:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Current tax expense for the year	6,055,742.12	3,102,163.65	-	-
Changes in deferred tax	(2,967,392.96)	141,600,707.34	7,938,774.69	156,003,168.06
Tax not accrued prior years	707,431.60	2,652,676.64	-	-
Total	3,795,780.76	147,355,547.63	7,938,774.69	156,003,168.06

(2) Reconciliation between income tax expense and accounting profit is as follows:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
(Losses) / Profits before taxation	(5,009,846,227.63)	157,497,400.28	(3,826,572,146.08)	293,119,183.41
Expected income tax expense at tax rate of 25%	(1,252,461,556.91)	39,374,350.07	(956,643,036.52)	73,279,795.85
Effect of different tax rate	(4,463,551.44)	(2,414,852.82)	-	-
Non-deductible expense	15,632,269.09	13,927,865.82	9,239,504.41	2,455,810.79
Non-taxable income	-	(167,598.61)	-	(23,699.80)
Investment income	27,713,488.15	(20,063,797.72)	15,849,543.02	(18,616,908.59)
Tax losses not recognized prior years	(1,453,515.54)	(4,342,163.11)	-	-
Tax losses not recognized as deferred taxes and deductible temporary difference	1,218,121,215.81	19,480,897.55	939,492,763.78	-
Tax not accrued prior years	707,431.60	2,652,676.64	-	-
Deferred tax assets transferred out	-	98,908,169.81	-	98,908,169.81
Total	3,795,780.76	147,355,547.63	7,938,774.69	156,003,168.06

43 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Net (loss) / profit	(5,013,642,008.39)	10,141,852.65	(3,834,510,920.77)	137,116,015.35
Add: Impairment provisions	3,274,088,416.29	72,858,551.06	2,894,819,298.73	31,255,098.74
Depreciation of fixed assets	364,636,736.62	300,441,469.84	8,431,891.08	9,614,637.12
Amortization of intangible assets	47,859,250.24	46,976,753.02	925,201.95	733,401.60
Amortization of long-term deferred expenses	7,079,401.21	7,331,907.00	312,480.34	431,607.53
Losses on disposal of fixed assets, intangible assets, and other long-term assets	4,644,006.22	1,967,523.39	1,978,270.02	87,244.08
Financial expense	236,060,504.95	94,387,060.09	237,892,653.14	115,137,667.73
Losses / (Gains) arising from investments	86,722,185.05	(120,816,865.80)	(107,207,682.91)	(278,687,626.54)
Write off of operating payables	(3,699,115.49)	(7,450,434.38)	(2,965,612.48)	(4,926,129.51)
Amortization of deferred income	(8,331,525.24)	(10,761,693.77)	(150,000.00)	(150,000.00)
Decrease in deferred tax assets	11,053,494.66	153,686,789.51	7,938,774.69	156,003,168.06
Decrease in deferred tax liabilities	(14,020,887.62)	(12,086,082.17)	-	-
Decrease / (Increase) in gross inventories	2,076,699,773.39	(632,084,427.33)	1,787,077,401.29	(642,300,596.95)
(Increase) / Decrease in operating receivables	(365,572,301.89)	1,370,293,582.64	(483,490,434.45)	1,029,352,175.66
Decrease / (Increase) in operating payables	127,841,196.54	(4,148,283,273.97)	(116,447,009.38)	(4,235,931,319.84)
Net cash inflow / (outflow) from operating activities	<u>831,419,126.54</u>	<u>(2,873,397,288.22)</u>	<u>394,604,311.25</u>	<u>(3,682,264,656.97)</u>

(2) Change in cash and cash equivalents:

	<i>The Group</i>		<i>The Company</i>	
	2016	2015	2016	2015
Cash and cash equivalents at the end of the year	440,554,996.91	182,041,218.55	402,966,022.76	105,627,513.40
Less: Cash and cash equivalents at the beginning of the year	182,041,218.55	453,154,575.91	105,627,513.40	383,231,715.37
Net increase / (decrease) in cash and cash equivalents	<u>258,513,778.36</u>	<u>(271,113,357.36)</u>	<u>297,338,509.36</u>	<u>(277,604,201.97)</u>

(3) Cash and cash equivalents held by the Group and the Company are as follows:

		<u>The Group</u>		<u>The Company</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
(a)	Cash at bank and on hand				
	- Cash on hand	77,346.84	63,949.52	15,782.85	14,756.94
	- Bank deposits available on demand	440,477,650.07	181,977,269.03	402,950,239.91	105,612,756.46
(b)	Closing balance of cash and cash equivalents	440,554,996.91	182,041,218.55	402,966,022.76	105,627,513.40
	Less: Cash with restricted usage	-	-	-	-
(c)	Closing balance of cash and cash equivalents available on demand	<u>440,554,996.91</u>	<u>182,041,218.55</u>	<u>402,966,022.76</u>	<u>105,627,513.40</u>

44 Segment reporting

The Group's operating segments based on information reported to the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment are as follows:

- Marketing: sourcing and distribution of fertilizers and related products
- Production: production and sales of fertilizers

(1) Segment results, assets and liabilities

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without taking into account of unallocated expenses / income, share of results of associates and joint ventures and finance costs. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment. In addition, the CODM also regularly review the segment information in relation to the share of results of associates and the share of results of joint ventures.

Inter-segment sales are charged at market prices between group entities.

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than interests in associates, interests in joint ventures, available-for-sale investments, deferred tax assets and other unallocated assets; and
- All liabilities are allocated to operating segments other than borrowings, debentures payable, short-term commercial paper, deferred tax liabilities and other unallocated liabilities.

Item	Marketing		Production		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue								
External revenue	13,486,768,629.29	23,841,556,084.24	1,614,494,116.68	1,782,516,076.04	-	-	15,101,262,745.97	25,624,072,160.28
Internal revenue	762,826,606.07	1,321,926,014.52	2,066,833,846.12	3,618,542,190.35	(2,831,660,452.19)	(4,940,468,204.87)	-	-
Segment revenue	14,249,595,235.36	25,163,482,098.76	3,683,327,962.80	5,401,058,266.39	(2,831,660,452.19)	(4,940,468,204.87)	15,101,262,745.97	25,624,072,160.28
Segment gross profit	(87,881,734.03)	868,615,127.21	107,055,837.92	572,592,900.42	-	-	19,174,103.89	1,441,208,027.63
Segment (loss) / profit	(713,405,452.31)	273,597,481.68	(3,827,106,766.13)	(2,047,129.51)	-	-	(4,540,512,218.44)	271,550,352.17
Share of results of associates								
Share of results of joint ventures	87,885.23	220,610.70	(9,235,016.16)	31,216,959.32	-	-	(9,147,130.93)	31,437,570.02
Unallocated expenses	2,683,347.55	3,070,146.79	(104,390,169.20)	45,747,474.05	-	-	(101,706,821.65)	48,817,620.84
Unallocated income							(404,320,025.22)	(288,721,847.95)
(Loss) / profit before taxation							45,839,968.61	94,413,705.20
							(5,009,846,227.63)	157,497,400.28
Assets								
Segment assets	5,756,759,460.83	6,878,977,070.64	5,671,921,393.91	6,541,243,716.82	-	-	11,428,680,854.74	13,420,220,787.46
Long-term equity investment								
- Interests in associates	708,495.93	620,610.70	8,702,551,720.74	11,570,209,429.49	-	-	8,703,260,216.67	11,570,830,040.19
- Interests in joint ventures	60,939,004.87	58,255,657.32	313,064,882.36	523,180,632.70	-	-	374,003,887.23	581,436,290.02
Available-for-sale financial assets							388,186,900.13	388,186,900.13
Deferred tax assets							31,840,236.93	42,893,731.59
Other unallocated assets							531,073,744.57	532,273,744.31
Consolidated total assets							21,457,045,840.27	26,535,841,493.70
Liabilities								
Segment liabilities								
Deferred tax liabilities	7,256,403,989.27	7,251,348,140.53	1,312,804,794.21	1,158,067,038.40	-	-	8,569,208,783.48	8,409,415,178.93
Borrowings							220,647,917.47	234,668,805.09
Debentures payable							540,000,000.00	1,783,429,560.32
Short-term commercial paper							3,493,184,999.40	2,490,834,999.44
Other unallocated liabilities							2,000,000,000.00	2,000,000,000.00
							115,801,327.71	69,037,409.84
Consolidated total liabilities							14,938,843,028.06	14,987,385,953.62

(2) Other segment information

Amounts included in the measures of segment profit and segment assets:

Item	Marketing		Production		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Additions to non-current assets	12,488,513.78	22,727,851.28	292,546,223.62	434,718,285.68	-	-	305,034,737.40	457,446,136.96
Write-down of receivables	(19,842,815.49)	-	(1,405,967.38)	(9,757,539.90)	-	-	(21,248,782.87)	(9,757,539.90)
Depreciation and amortization	(10,142,868.19)	(11,609,376.33)	(409,432,519.88)	(343,140,753.53)	-	-	(419,575,388.07)	(354,750,129.86)
Write-down of inventories	(44,976,483.24)	(31,255,098.74)	(14,404,230.03)	(3,629,671.41)	-	-	(59,380,713.27)	(34,884,770.15)

(3) Geographic information

The following table sets out information about the geographical location of the Group's operating income from external customers. Information about the Group's revenue from its operations from external customers is presented based on the customers' location of incorporation / establishment.

	<i>Operating income from external customers</i>	
	<i>2016</i>	<i>2015</i>
The PRC	14,129,231,082.48	24,212,522,514.83
Others	972,031,663.49	1,411,549,645.45
Total	<u>15,101,262,745.97</u>	<u>25,624,072,160.28</u>

45 Risk analysis, sensitivity analysis, and fair value for financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operation, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc..

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Receivables are due within 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date.

The Group and the Company do not have any debtors that are past due but not impaired based on individual or collective assessment as at 31 December 2016 and 31 December 2015.

In addition, the debtors of the Group that are neither past due nor impaired mainly relate to a wide range of customers for whom there was no recent history of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company have no significant exposure to individual customers (2015 Nil).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company and its subsidiary are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial assets and financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group or the Company can be required to pay:

The Group

	2016				Total	Carrying amount at balance sheet date
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
Short-term loans	551,451,945.21	-	-	-	551,451,945.21	540,000,000.00
Accounts payable and other payables	4,135,901,008.69	-	-	-	4,135,901,008.69	4,135,901,008.69
Bills payable	1,168,002,681.69	-	-	-	1,168,002,681.69	1,168,002,681.69
Debentures payable	160,000,000.00	160,000,000.00	3,635,000,000.00	-	3,955,000,000.00	3,493,184,999.40
Other current liabilities	2,021,769,863.01	-	-	-	2,021,769,863.01	2,000,000,000.00
Total	8,037,125,498.60	160,000,000.00	3,635,000,000.00	-	11,832,125,498.60	11,337,088,689.78

The Group

	2015				Total	Carrying amount at balance sheet date
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
Short-term loans	1,602,278,945.62	-	-	-	1,602,278,945.62	1,583,429,560.32
Accounts payable and other payables	5,414,198,186.87	-	-	-	5,414,198,186.87	5,414,198,186.87
Bills payable	1,382,747,320.25	-	-	-	1,382,747,320.25	1,382,747,320.25
Debentures payable	125,000,000.00	125,000,000.00	2,750,000,000.00	-	3,000,000,000.00	2,490,834,999.44
Other current liabilities	2,054,772,602.74	-	-	-	2,054,772,602.74	2,000,000,000.00
Long-term loans	2,700,000.00	200,170,136.99	-	-	202,870,136.99	200,000,000.00
Total	10,581,697,055.48	325,170,136.99	2,750,000,000.00	-	13,656,867,192.47	13,071,210,066.88

The Company

	2016				Total	Carrying amount at balance sheet date
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
Short-term loans	633,464,568.01	-	-	-	633,464,568.01	620,500,000.00
Accounts payable and other payables	3,371,559,482.01	-	-	-	3,371,559,482.01	3,371,559,482.01
Bills payable	1,102,178,078.28	-	-	-	1,102,178,078.28	1,102,178,078.28
Debentures payable	160,000,000.00	160,000,000.00	3,635,000,000.00	-	3,955,000,000.00	3,493,184,999.40
Other current liabilities	2,226,677,389.04	-	-	-	2,226,677,389.04	2,201,000,000.00
Long-term loans	783,000.00	20,336,797.26	-	-	21,119,797.26	20,000,000.00
Total	7,494,662,517.34	180,336,797.26	3,635,000,000.00	-	11,309,999,314.60	10,808,422,559.69

The Company

	2015				Total	Carrying amount at balance sheet date
	Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
Short-term loans	1,470,879,297.67	-	-	-	1,470,879,297.67	1,458,429,560.32
Accounts payable and other payables	4,973,863,942.72	-	-	-	4,973,863,942.72	4,973,863,942.72
Bills payable	1,153,847,090.25	-	-	-	1,153,847,090.25	1,153,847,090.25
Debentures payable	125,000,000.00	125,000,000.00	2,750,000,000.00	-	3,000,000,000.00	2,490,834,999.44
Other current liabilities	2,054,772,602.74	-	-	-	2,054,772,602.74	2,000,000,000.00
Long-term loans	8,143,000.00	405,079,205.48	-	-	413,222,205.48	401,000,000.00
Total	9,786,505,933.38	530,079,205.48	2,750,000,000.00	-	13,066,585,138.86	12,477,975,592.73

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure.

(a) As at 31 December, the Group and the Company held the following interest-bearing financial instruments:

	The Group			The Company		
	2016 Annual interest rate	RMB	2015 Annual interest rate	RMB	2016 Annual interest rate	2015 Annual interest rate
Fixed rate instruments						
Financial assets						
- Cash at bank	0.01%-0.35%	440,477,650.07	0.01%-0.35%	181,977,269.03	0.01%-0.35%	402,950,239.91
- Entrust loans	5.50%	670,000,000.00	5.50%	670,000,000.00	5.50%	670,000,000.00
- Financial products		-	2.23%-3.5%	1,200,000.00	2.23%-3.50%	1,200,000.00
		1,110,477,650.07		853,177,269.03		1,072,950,239.91
Financial liabilities						
- Short-term loans	2.10%-3.92%	540,000,000.00	3.92%-4.82%	1,233,429,560.32	3.75%-3.92%	540,000,000.00
- Long-term loans due within one year		-		-	3.9%	201,000,000.00
- Debentures payable	3.5%-5.00%	3,493,184,999.40	5.00%	2,490,834,999.44	3.5%-5.00%	3,493,184,999.40
- Long-term loans		-	1.35%	200,000,000.00		-
- Other current liabilities	2.90%	2,000,000,000.00	3.40%	2,000,000,000.00	2.90%	2,000,000,000.00
		6,033,184,999.40		5,924,264,559.76		6,234,184,999.40
Variable rate instruments						
Financial liabilities						
- Short-term loans		-	3.92%	350,000,000.00	3.92%	80,500,000.00
- Long-term loans		-		-	3.92%	20,000,000.00
		-		350,000,000.00		100,500,000.00
						350,000,000.00

(b) Sensitivity analysis

As at 31 December 2016, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's and the Company's equity and net profit by RMB0 and RMB753,750.00, respectively (2015: decrease RMB2,625,000.00 and RMB2,625,000.00, respectively).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group or the Company. The analysis is performed on the same basis for the previous year.

(4) Foreign currency risk

In respect of cash at bank and on hand and accounts payable denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) As at 31 December, the Group's and the Company's exposure to currency risk arising from recognized assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date.

	<i>The Group</i>		<i>The Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>USD</i>
Cash at bank and on hand	246,596,778.94	2,297,130.52	246,509,922.50	2,296,828.19
Accounts receivable	869,188.70	969,585.46	869,188.70	969,585.46
Prepayments	-	3,020,139.88	-	3,020,139.88
Other receivables	-	196,143.84	-	196,143.84
Other payables	(10,430,647.50)	(11,480,823.64)	(10,430,647.50)	(11,480,823.64)
Total	<u>237,035,320.14</u>	<u>(4,997,823.94)</u>	<u>236,948,463.70</u>	<u>(4,998,126.27)</u>

- (b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group and the Company:

	<i>Average rate</i>		<i>Reporting date mid-spot rate</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
USD	6.7153	6.3063	6.937	6.4936

(c) Sensitivity analysis

Assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar at 31 December would have increased the Group's and the Company's equity and net profit by the amount shown below, whose effect is in Renminbi and translated using the spot rate at the year-end date:

	<i>The Group</i>		<i>The Company</i>	
	<i>Equity</i>	<i>Net Profit</i>	<i>Equity</i>	<i>Net Profit</i>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
As at 31 December 2016	(8,888,824.51)	(8,888,824.51)	(8,885,567.39)	(8,885,567.39)
As at 31 December 2015	187,418.40	187,418.40	187,429.73	187,429.73

A 5% weakening of the Renminbi against the US dollar at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date. The analysis is performed on the same basis for the previous year.

46 Fair value

(1) Fair value measurement

(a) Fair value hierarchy

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's and the Company's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels of inputs are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

During the year ended 31 December 2016, there were no transfers between Level 1 and Level 2. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which the occur.

(b) Level 3 fair value measurement

The Group has performed valuations for the unlisted available-for-sale equity securities which are categorized into Level 3 of the fair value hierarchy annually. A valuation report, issued by qualified independent valuers, with analysis of changes in fair value measurement is prepared by the Company at the end of the reporting period.

(2) Fair value of other financial instrument (items not measured at fair value at the end of the year)

Except as detailed in the following table, the directors of the Group and the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values:

	<i>The Group and the Company</i>			
	<i>2016</i>		<i>2015</i>	
	<i>Carrying amount</i>	<i>Fair value</i>	<i>Carrying amount</i>	<i>Fair value</i>
Debentures payable	<u>3,493,184,999.40</u>	<u>3,539,677,500.00</u>	<u>2,490,834,999.44</u>	<u>2,563,637,500.00</u>

47 Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The capital structure of the Group consists of net debt including loans, net of cash and cash equivalents and equity attributable to owners of the Company comprising issued equity, retained profits and other reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each loss of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

48 Commitments

(1) Capital commitments

As at 31 December, the capital commitments of the Group and the Company are summarized as follows:

Item	The Group		The Company	
	2016	2015	2016	2015
Authorized but not contracted for				
- Property, plant and equipment	330,824,400.00	545,497,330.00	23,969,400.00	34,568,030.00
- Investments in an associate and others	500,000,000.00	300,000,000.00	-	-
Contracted but not provided for				
-Property, plant and equipment	75,917,281.75	46,017,300.00	-	-
Total	<u>906,741,681.75</u>	<u>891,514,630.00</u>	<u>23,969,400.00</u>	<u>34,568,030.00</u>

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties, fixed assets and other assets were payable as follows:

	The Group		The Company	
	2016	2015	2016	2015
Within 1 year (inclusive)	34,413,456.04	34,515,139.32	34,265,589.54	33,450,743.86
After 1 year but within 2 years (inclusive)	2,067,324.00	25,666,769.01	2,067,324.00	25,666,769.01
After 2 years but within 3 years (inclusive)	1,041,464.67	615,416.18	1,041,464.67	615,416.18
After 3 years	3,290,934.00	3,042,900.00	3,290,934.00	3,042,900.00
Total	<u>40,813,178.71</u>	<u>63,840,224.51</u>	<u>40,665,312.21</u>	<u>62,775,829.05</u>

49 Contingencies

As at 31 December 2016, the Group and the Company had no material contingencies to disclose in financial statements (2015: Nil).

50 Related party relationships and transactions

(1) Information on the parent of the Company is listed as follows:

Company name	Registered place	Business nature	Registered capital JPY	Shareholding percentage	Proportion of voting rights
China Fertilizer	British Virgin Islands	Manufacturing and trading	USD10,002.00	100%	100%

The ultimate holding company of the Company is Sinochem Group.

- (2) For the information on the subsidiary of the Company, please refer to Note 5.
- (3) For the information on the associates and joint ventures of the Group, please refer to Note 14.
- (4) Transactions with its key management personnel:

	<u>The Group and the Company</u>	
	<u>2016</u>	<u>2015</u>
Remuneration of key management personnel	<u>3,576,848.70</u>	<u>6,576,684.00</u>

- (5) Transactions with related parties other than its key management personnel

- (a) Transaction amounts with related parties:

The Group

	<u>2016</u>	<u>2015</u>
Sales of fertilizers to		
Three Circles-Sinochem	144,230,576.24	279,295,525.92
Three Circles-Xinsheng	-	48,233,534.13
Dohigh Trading Limited ("Dohigh Trading")	404,279,601.79	815,766,762.51
Zhongwang Nongzi	13,453,372.96	-
	<u>561,963,550.99</u>	<u>1,143,295,822.56</u>
Purchases of fertilizers from		
Sinochem Group	3,697,142,823.16	7,912,596,895.38
Yangmei Pingyuan	207,580,704.15	400,814,092.17
Qinghai Salt Lake	899,438,255.43	1,115,524,802.55
Three Circles-Xinsheng	-	14,869,654.00
Xinxin Group	-	61,967,256.05
Gansu Wengfu	106,234,230.09	108,664,361.70
Three Circles-Sinochem	852,425,199.38	1,169,329,967.54
Sinochem Quanzhou Petrochemical Co., Ltd. ("Quanzhou Petrochemical")	-	22,548,704.70
Dohigh Trading	47,867,119.07	111,195,701.81
	<u>5,810,688,331.28</u>	<u>10,917,511,435.90</u>

The Group

	2016	2015
Office rental fee paid to Beijing Chemsunny Property Co., Ltd. ("Chemsunny Ltd.")	<u>21,912,359.82</u>	<u>22,951,618.36</u>
Import service fee paid to Sinochem Group	<u>3,457,628.79</u>	<u>7,102,826.57</u>
Consideration paid for acquiring interests in an associate Sinochem Fertilizer	<u>-</u>	<u>3,903,484,852.46</u>
Loans to an associate Yangmei Pingyuan	<u>670,000,000.00</u>	<u>670,000,000.00</u>
Repayments of loans to an associate Yangmei Pingyuan	<u>670,000,000.00</u>	<u>700,000,000.00</u>
Interest income due from an associate Yangmei Pingyuan	<u>36,046,065.45</u>	<u>41,890,861.13</u>
Borrowings from related parties Sinochem Group	1,299,444,677.49	-
Hong Kong (Group) Co., Ltd. ("Sinochem HK")	-	850,000,000.00
Sinochem Finance Co., Ltd. ("Sinochem Finance")	<u>8,274,300,000.00</u>	<u>390,000,000.00</u>
	<u>9,573,744,677.49</u>	<u>1,240,000,000.00</u>
Repayments of loans from related parties Sinochem HK	850,000,000.00	-
Sinochem Finance	7,794,300,000.00	330,000,000.00
Sinochem Group	<u>1,499,444,677.49</u>	<u>-</u>
	<u>10,143,744,677.49</u>	<u>330,000,000.00</u>

The Group	2016	2015
Interests expenses for loans from related parties		
Sinochem Group	4,437,358.17	2,737,500.00
Sinochem HK	14,946,479.16	12,780,381.95
Sinochem Finance	25,442,684.24	4,019,300.00
	<u>44,826,521.57</u>	<u>19,537,181.95</u>
 The Company	 2016	 2015
Sales of fertilizers to		
Fert-Mart	16,252,078.32	17,386,366.26
Sinochem Fuling	263,193,107.70	489,295,347.96
Shandong Fertilizer	266,100,674.70	449,514,057.06
Jilin Changshan	78,439,792.44	121,057,582.25
Hubei Orient	65,276,195.05	99,242,045.77
Sinochem Zhisheng	50,161,363.28	94,851,111.18
Sinochem Yantai	1,588,661.81	2,712,082.79
Sinochem Yunlong	41,956,707.09	70,403,884.92
Three Circles-Sinochem	144,230,576.24	279,295,525.92
Three Circles-Xinsheng	-	48,233,534.13
Dohigh Trading	325,210,239.77	815,766,762.51
	<u>1,252,409,396.40</u>	<u>2,487,758,300.75</u>
 Purchases of fertilizers from		
Suifenhe	-	15,177,110.40
Sinochem Fuling	1,167,960,398.43	2,238,064,904.90
Manzhouli	11,859,644.01	46,542,545.99
Shandong Fertilizer	478,941,128.57	763,766,797.89
Jilin Changshan	98,398,068.49	172,768,279.40
Hubei Orient	142,736,820.72	167,840,753.27
Sinochem Zhisheng	144,572,881.36	249,342,927.70
Sinochem Yantai	32,411,909.51	34,849,071.97
Three Circles-Xinsheng	-	14,869,654.00
Gansu Wengfu	106,234,230.09	108,664,361.70
Yangmei Pingyuan	207,580,704.15	400,814,092.17
Three Circles-Sinochem	852,425,199.38	1,169,329,967.54
Qinghai Salt Lake	899,438,255.43	1,115,524,802.55
Sinochem Group	3,697,142,823.16	7,912,596,895.38
Dohigh Trading	47,867,119.07	111,195,701.81
Quanzhou Petrochemical	-	22,548,704.70
	<u>7,887,569,182.36</u>	<u>14,543,896,571.37</u>

The Company

	2016	2015
Office rental fee paid to Chemsunny Ltd.	<u>21,912,359.82</u>	<u>22,951,618.36</u>
Import service fee paid to Sinochem Group	<u>3,457,628.79</u>	<u>7,102,826.57</u>
Consideration paid for acquiring interests in an associate Sinochem Fertilizer	<u>-</u>	<u>3,903,484,852.46</u>
Loans to an associate Yangmei Pingyuan	<u>670,000,000.00</u>	<u>670,000,000.00</u>
Repayments of loans to an associate Yangmei Pingyuan	<u>670,000,000.00</u>	<u>700,000,000.00</u>
Interest income due from an associate Yangmei Pingyuan	<u>36,046,065.45</u>	<u>41,890,861.13</u>
Borrowings from related parties		
Sinochem Group	1,299,444,677.49	-
Sinochem HK	-	850,000,000.00
Sinochem Finance	<u>8,274,300,000.00</u>	<u>390,000,000.00</u>
	<u>9,573,744,677.49</u>	<u>1,240,000,000.00</u>
Repayments of loans from related parties		
Sinochem HK	850,000,000.00	-
Sinochem Finance	7,794,300,000.00	330,000,000.00
Sinochem Group	<u>1,499,444,677.49</u>	<u>-</u>
	<u>10,143,744,677.49</u>	<u>330,000,000.00</u>

The Company

	2016	2015
Interests expenses for loans from related parties		
Sinochem Group	4,437,358.17	2,737,500.00
Sinochem HK	14,946,479.16	12,780,381.95
Sinochem Finance	25,442,684.24	4,019,300.00
	<u>44,826,521.57</u>	<u>19,537,181.95</u>

- (b) The balances of transactions with related parties as at 31 December are set out as follows:

The Group

	2016	2015
Accounts receivable	9,305,896.24	969,585.46
Other receivables	11,253,371.14	15,702,884.69
Prepayments	317,418,646.71	22,550,996.61
Entrusted loans	670,000,000.00	670,000,000.00
Interest receivable	<u>1,124,971.81</u>	<u>1,125,972.22</u>
Accounts payable	1,081,058,231.71	4,107,623,901.03
Other payables	144,235,066.79	140,497,678.77
Borrowings	540,000,000.00	1,110,000,000.00
Interest payable	33,516,744.45	13,332,681.95
Advances from customers	<u>-</u>	<u>37,787.09</u>

The Company

	2016	2015
Accounts receivable	184,373,431.84	241,124,653.69
Prepayments	720,216,037.72	142,108,012.86
Other receivables	72,881,117.31	78,181,244.99
Interest receivable	5,791,363.09	6,059,397.01
Entrusted loans	<u>4,121,353,146.21</u>	<u>3,937,273,844.37</u>
Accounts payable	1,265,365,917.92	4,398,061,220.88
Other payables	113,727,507.83	109,057,919.39
Advances from customers	169,040,101.97	27,647,034.11
Short-term loans	221,500,000.00	915,000,000.00
Long-term loans	3,531,353,146.21	401,000,000.00
Interest payable	<u>45,329,491.02</u>	<u>16,981,727.47</u>

(c) Relationships with the major related parties under the transactions stated in (5)(a) & (b) above

<i>Name of the enterprises</i>	<i>Relationship with the Group</i>	<i>Relationship with the Company</i>
China Fertilizer	Parent company	Parent company
Sinochem Group	Ultimate holding company	Ultimate holding company
Sinochem Fertilizer	Fellow subsidiaries	Fellow subsidiaries
Dohigh Trading	Fellow subsidiaries	Fellow subsidiaries
Macao Offshore	Fellow subsidiaries	Fellow subsidiaries
Quanzhou Petrochemical	Fellow subsidiaries	Fellow subsidiaries
Chemsunny Ltd.	Fellow subsidiaries	Fellow subsidiaries
Sinochem HK	Fellow subsidiaries	Fellow subsidiaries
Sinochem Finance	Fellow subsidiaries	Fellow subsidiaries

For subsidiaries, joint ventures and associates of the Group and the Company, please refer to Note 5 and Note 14.

Sinochem Fertilizer Company Limited

Balance Sheet

31 March 2017

RMB Yuan

Item	31 March 2017	31 December 2016
Current Assets		
Cash and bank balances	492,835,669.31	402,966,022.76
Notes receivable	60,718,472.59	84,790,061.35
Accounts receivable	367,545,981.90	202,890,847.44
Prepayments	1,096,851,466.04	1,354,632,628.80
Dividend receivable	36,000,000.00	36,000,000.00
Interest receivable	5,911,482.64	5,792,363.46
Other receivables	165,500,649.35	137,841,431.94
Inventories	3,632,574,759.26	2,918,800,127.48
Other current assets	4,350,594,172.66	3,820,587,061.52
Total Current Assets	10,208,532,653.75	8,964,300,544.75
Non-Current Assets		
Available-for-sale financial assets	392,186,900.13	384,186,900.13
Long-term equity investments	11,675,123,848.52	11,763,033,654.06
Fixed assets	61,765,479.98	62,794,988.99
Intangible assets	15,555,580.07	15,380,908.48
Long-term deferred and prepaid expenses	779,866.99	804,667.00
Deferred tax assets	5,653,047.72	5,653,047.72
Other non-current assets	-	577,957,628.54
Total Non-Current Assets	12,151,064,723.41	12,809,811,794.92
TOTAL ASSETS	22,359,597,377.16	21,774,112,339.67

Sinochem Fertilizer Company Limited

Balance Sheet (continued)

31 March 2017

RMB Yuan

Item	31 March 2017	31 December 2016
Current Liabilities		
Short-term borrowings	2,525,500,000.00	620,500,000.00
Notes payable	1,030,552,022.24	1,102,178,078.28
Accounts payable	3,501,070,406.00	2,893,180,137.45
Receipts in advance	1,247,617,743.35	2,903,648,710.38
Employee benefits payable	5,470,881.79	5,504,071.41
Taxes and surcharges payable	75,958,650.67	32,464,542.20
Interests payable	150,625,084.94	94,319,503.34
Other payables	443,273,068.41	478,379,344.56
Other current Liabilities	2,000,000,000.00	2,201,000,000.00
Total Current Liabilities	10,980,067,857.40	10,331,174,387.62
Non-Current Liabilities		
Long-term borrowings	-	20,000,000.00
Bonds payable	3,492,883,626.56	3,493,184,999.40
Deferred income	2,883,500.00	2,883,500.00
Total Non-Current Liabilities	3,495,767,126.56	3,516,068,499.40
TOTAL LIABILITIES	14,475,834,983.96	13,847,242,887.02
Owners' Equity		
Paid-in capital	10,600,000,000.00	10,600,000,000.00
Capital reserves	374,214,141.79	374,214,141.79
Surplus reserves	498,894,604.32	498,894,604.32
Retained profits	(3,589,346,352.91)	(3,546,239,293.46)
TOTAL OWNERS' EQUITY	7,883,762,393.20	7,926,869,452.65
TOTAL LIABILITIES AND OWNERS' EQUITY	22,359,597,377.16	21,774,112,339.67

Sinochem Fertilizer Company Limited

Income Statement

The first Quarter of 2017

RMB Yuan

Item	Q1 2017	Q1 2016
Operating income	4,646,905,615.44	3,894,053,758.43
Less: Operating costs	4,382,301,707.65	3,854,338,666.94
Taxes and levies	124,064.73	4,186,482.91
Selling expenses	137,969,299.72	87,922,896.10
Administrative expenses	47,117,283.95	38,784,758.53
Finance expenses	89,744,073.79	95,622,497.89
Investment income	(32,831,043.56)	54,259,920.03
Operating profit /(loss)	(43,181,857.96)	(132,541,623.91)
Plus: Non-operating income	198,171.23	1,750,943.03
Less: Non-operating expenses	123,372.72	1,013,583.69
Total amount of profit/(loss)	(43,107,059.45)	(131,804,264.57)
Less: Income tax expenses	-	-
Net profit/(loss)	(43,107,059.45)	(131,804,264.57)
Other comprehensive income	-	-
Total comprehensive income	(43,107,059.45)	(131,804,264.57)

Sinochem Fertilizer Company Limited

Cash Flow Statement

The first Quarter of 2017

RMB Yuan

Item	Q1 2017	Q1 2016
1. Cash flows from operating activities		
Cash receipts from the sales of goods and the rendering of services	4,402,773,225.42	4,338,332,617.29
Other cash receipts relating to operating activities	777,400.96	2,980,854.71
Sub-total of cash inflows from operating activities	4,403,550,626.38	4,341,313,472.00
Cash payments for goods purchased and services received	5,613,450,564.08	5,859,928,922.11
Cash payments to and on behalf of employees	118,110,872.85	98,424,955.08
Payments of various types of taxes	16,281,426.02	14,931,383.41
Other cash payments relating to operating activities	162,414,008.15	94,683,822.77
Sub-total of cash outflows from operating activities	5,910,256,871.10	6,067,969,083.37
Net cash flows from operating activities	(1,506,706,244.72)	(1,726,655,611.37)
2. Cash flows from investing activities		
Cash receipts from returns on investments	46,959,642.79	46,305,498.89
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,030,091.17	3,777,087.04
Sub-total of cash inflows from investing activities	47,989,733.96	50,082,585.93
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets	2,345,331.99	1,928,336.59
Cash payments to acquire investments	101,878,846.13	351,529,316.66
Sub-total of cash outflows from investing activities	104,224,178.12	353,457,653.25
Net cash flows from investing activities	(56,234,444.16)	(303,375,067.32)
3. Cash flows from financing activities		
Cash receipts from borrowings	3,694,000,000.00	3,049,019,003.72
Sub-total of cash inflows from financing activities	3,694,000,000.00	3,049,019,003.72
Cash repayments of borrowings	2,010,000,000.00	868,019,003.72
Cash payments for distribution of dividends or profits or settlement of interest expenses	31,189,692.41	28,967,370.07
Sub-total of cash outflows from financing activities	2,041,189,692.41	896,986,373.79
Net cash flows from financing activities	1,652,810,307.59	2,152,032,629.93
4. Effect on exchange rate change on cash and cash equivalents	27.84	(1,144,945.21)
5. Net increase in cash and cash equivalents	89,869,646.55	120,857,006.03
Plus: Cash and bank balances at 1 January	402,966,022.76	105,627,513.40
6. Cash and bank balances at 31 March	492,835,669.31	226,484,519.43

Sinochem Fertilizer Company Limited

Consolidated Balance Sheet

31 March 2017

RMB Yuan

Item	31 March 2017	31 December 2016
Current Assets		
Cash and bank balances	555,486,319.50	440,554,996.91
Notes receivable	127,753,736.59	100,337,605.35
Accounts receivable	373,077,371.45	270,447,098.87
Prepayments	769,286,937.06	1,043,807,166.94
Interest receivable	1,243,882.54	1,124,971.88
Other receivables	152,885,729.18	110,763,621.89
Inventories	4,434,139,982.31	3,803,131,103.09
Other current assets	1,136,141,151.78	1,058,236,948.50
Non-current assets due within one year	-	1,423,380.15
Total Current Assets	7,550,015,110.41	6,829,826,893.58
Non-Current Assets		
Available-for-sale Financial assets	396,186,900.13	388,186,900.13
Long-term equity investments	8,989,560,940.85	9,077,264,103.90
Fixed assets	2,975,203,293.15	3,047,885,118.70
Construction in progress	400,363,333.23	379,741,368.92
Intangible assets	1,140,766,099.14	1,152,140,836.73
Goodwill	531,073,744.64	531,073,744.64
Long-term deferred and prepaid expenses	18,536,676.07	19,086,636.74
Deferred tax assets	29,762,571.99	31,840,236.93
Total Non-Current Assets	14,481,453,559.20	14,627,218,946.69
TOTAL ASSETS	22,031,468,669.61	21,457,045,840.27

Sinochem Fertilizer Company Limited
Consolidated Balance Sheet (continued)
31 March 2017
RMB Yuan

Item	31 March 2017	31 December 2016
Current Liabilities		
Short-term borrowings	2,320,000,000.00	540,000,000.00
Notes payable	1,105,831,485.51	1,168,002,681.69
Accounts payable	3,759,314,476.03	3,483,505,934.82
Receipts in advance	1,457,532,253.75	3,109,888,673.64
Employee benefits payable	18,699,701.09	21,500,229.86
Taxes and surcharges payable	352,385,537.48	41,535,671.43
Interests payable	142,534,020.64	87,105,206.88
Dividends payable	28,700,000.00	28,696,120.61
Other payables	651,472,366.54	652,395,073.87
Other current Liabilities	2,000,000,000.00	2,000,000,000.00
Total Current Liabilities	11,836,469,841.04	11,132,629,592.80
Non-Current Liabilities		
Bonds payable	3,492,883,626.56	3,493,184,999.40
Estimated liabilities	47,127,937.64	47,127,937.64
Deferred tax liabilities	217,463,950.69	220,647,917.47
Deferred income	44,569,268.41	45,252,580.75
Total Non-Current Liabilities	3,802,044,783.30	3,806,213,435.26
TOTAL LIABILITIES	15,638,514,624.34	14,938,843,028.06
Owners' Equity		
Paid-in capital	10,600,000,000.00	10,600,000,000.00
Capital reserves	378,602,626.64	378,602,626.64
Special reserves	8,134,152.78	6,184,431.92
Surplus reserves	487,741,563.04	487,741,563.04
Retained profits	(4,939,423,984.54)	(4,817,599,396.28)
Total equity attributable to owners of the Company	6,535,054,357.92	6,654,929,225.32
Minority interests	(142,100,312.65)	(136,726,413.11)
TOTAL OWNERS' EQUITY	6,392,954,045.27	6,518,202,812.21
TOTAL LIABILITIES AND OWNERS' EQUITY	22,031,468,669.61	21,457,045,840.27

Sinochem Fertilizer Company Limited

Consolidated Income Statement

The first Quarter of 2017

RMB Yuan

Item	Q1 2017	Q1 2016
Operating income	4,871,475,215.11	4,110,582,418.41
Less: Operating costs	4,479,847,554.52	4,013,222,672.65
Taxes and levies	7,651,188.08	5,027,287.96
Selling expenses	214,672,372.30	155,241,566.05
Administrative expenses	135,753,126.46	108,737,536.34
Finance expenses	90,343,289.98	95,665,419.71
Impairment loss of assets	-	(92,734.64)
Investment income	(68,508,554.03)	20,193,518.99
Operating profit / (loss)	(125,300,870.26)	(247,025,810.67)
Plus: Non-operating income	5,170,780.65	3,541,534.63
Less: Non-operating expenses	3,202,822.41	1,621,053.31
The total amount of profit/(loss)	(123,332,912.02)	(245,105,329.35)
Less: Income tax expenses	1,915,854.92	287,661.92
Net profit/(loss)	(125,248,766.94)	(245,392,991.27)
Net profit (loss) attributable to owners of the Company	(119,874,867.40)	(223,942,440.41)
Profit or loss attributable to minority interests	(5,373,899.54)	(21,450,550.86)
Other comprehensive income	-	-
Total comprehensive income	(125,248,766.94)	(245,392,991.27)
Total comprehensive income attributable to owners of the Company	(119,874,867.40)	(223,942,440.41)
Total comprehensive income attributable to minority interests	(5,373,899.54)	(21,450,550.86)

Sinochem Fertilizer Company Limited

Consolidated Cash Flow Statement

The first Quarter of 2017

RMB Yuan

Item	Q1 2017	Q1 2016
1. Cash flows from operating activities		
Cash receipts from the sales of goods and the rendering of services	4,680,893,029.66	4,603,780,432.88
Other cash receipts relating to operating activities	32,519,851.37	19,265,816.49
Sub-total of cash inflows from operating activities	4,713,412,881.03	4,623,046,249.37
Cash payments for goods purchased and services received	5,777,121,404.58	5,832,076,622.08
Cash payments to and on behalf of employees	212,401,114.15	198,840,099.76
Payments of various types of taxes	37,901,669.86	25,728,214.22
Other cash payments relating to operating activities	267,551,705.75	168,371,171.28
Sub-total of cash outflows from operating activities	6,294,975,894.34	6,225,016,107.34
Net cash flows from operating activities	(1,581,563,013.31)	(1,601,969,857.97)
2. Cash flows from investing activities		
Cash receipts from returns on investments	11,111,273.32	-
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	2,066,562.13	2,265,880.88
Sub-total of cash inflows from investing activities	13,177,835.45	2,265,880.88
Cash payments to acquire and construct fixed assets, intangible assets and other long-term assets	63,984,167.08	138,420,290.49
Cash payments to acquire investments	-	115,027,635.62
Sub-total of cash outflows from investing activities	63,984,167.08	253,447,926.11
Net cash flows from investing activities	(50,806,331.63)	(251,182,045.23)
3. Cash flows from financing activities		
Cash receipts from borrowings	3,790,000,000.00	2,854,719,003.72
Sub-total of cash inflows from financing activities	3,790,000,000.00	2,854,719,003.72
Cash repayments of borrowings	2,010,000,000.00	810,019,003.72
Cash payments for distribution of dividends or profits or settlement of interest expenses	33,085,519.39	30,655,314.30
Sub-total of cash outflows from financing activities	2,043,085,519.39	840,674,318.02
Net cash flows from financing activities	1,746,914,480.61	2,014,044,685.70
4. Effect on exchange rate change on cash and cash equivalents	386,186.92	(1,170,483.24)
5. Net increase in cash and cash equivalents	114,931,322.59	159,722,299.26
Plus: Cash and bank balances at 1 January	440,554,996.91	181,960,718.55
6. Cash and bank balances at 31 March	555,486,319.50	341,683,017.81