中化化肥控股有限公司
SINOFERT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) Stock Code: 297

ANNUAL REPORT
2024

NURTURING CHINA'S AGRICULTURE SECTOR

Contents

DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions have the following meaning:

Term	**Definition**
"Audit Committee"	the audit committee of the Company established by the Board in 1999
"Board"	the board of Directors of the Company
"Bye-law(s)"	the bye-law(s) of the Company, as amended, modified or otherwise supplemented from time to time
"Company"	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
"connected person"	has the same meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the same meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Corporate Governance Committee"	the corporate governance committee of the Company established by the Board in 2012
"Director(s)"	the director(s) of the Company
"ESG"	Environmental, Social and Governance
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HSE"	Health, Safety and Environment
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macao"	Macao Special Administrative Region of the PRC

Term	Definition
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company established by the Board in 2005
"PRC" or "China"	the People's Republic of China, which for the purposes of this annual report only, excludes Hong Kong, Macao and Taiwan
"Remuneration Committee"	the remuneration committee of the Company established by the Board in 2005
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council
"SFO"	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Singapore"	Republic of Singapore
"Sinochem Fertilizer"	中化化肥有限公司 (Sinochem Fertilizer Company Limited), an indirect wholly-owned subsidiary of the Company
"Sinochem Holdings"	中國中化控股有限責任公司 (Sinochem Holdings Corporation Ltd.), the ultimate controlling shareholder of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company established by the Board on 24 January 2024
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"Syngenta Group"	先正達集團股份有限公司 (Syngenta Group Co., Ltd.), the indirect controlling shareholder of the Company
"US$"	United States dollars, the lawful currency of the United States of America
"%"	percent

COMPANY PROFILE AND CORPORATE INFORMATION

COMPANY PROFILE

Sinofert Holdings Limited successfully completed the acquisition of China Fertilizer (Holdings) Company Limited and its subsidiaries in July 2005, and became a listed company (Stock code: 297) on The Stock Exchange of Hong Kong Limited. It is now a comprehensive crop nutrition enterprise centering on distribution services and vertically integrating production and network distribution.

Major businesses of the Company and its subsidiaries include the production, import and export, distribution and retail of raw materials and finished products of crop nutrition products, and provision of technological research and development and services relating to crop nutrition business and products.

Benchmarked by the turnover of 2024, the Group is:

- China's leading integrated scientific research platform for the development and application technologies of crop nutrition products;
- China's leading crop nutrition products distribution service provider;
- a large supplier of imported crop nutrition products in China;
- China's leading manufacturer of crop nutrition products;
- a leading unit of the alliance of fertilizer reduction and efficiency improvement.

The Group's competitive strengths are mainly reflected in:

- its leading integrated scientific research platform for the development and application technologies of biological preparations and soil health products in China;
- its business coverage of the entire industry chain of research, production, sales and agricultural services, with the most extensive sales service network in China covering 95% of the arable land in China;
- its abilities to produce and distribute complete varieties of crop nutrition products, including nitrogen, phosphate, potash, compound fertilizers and special fertilizers;
- its exclusive agency rights for overseas high-quality products, and its strategic alliances with various international suppliers;
- its comprehensive agrichemical service system directly reaching the farmers;
- one of the largest phosphate resource owners in China and one of the largest MCP/DCP manufacturers in Asia.

The Group strives to become the "leader in bio-fertilizer and soil health innovation". The Group constantly aspires to pursue resource and environmental friendliness, meet the new demands of the agricultural industry, practise green and sustainable development as well as continue the promotion of stable and rapid corporate growth to deliver value and returns to the shareholders, and to contribute to the modernized development of the agricultural industry.

CORPORATE INFORMATION

Board of Directors

Non-Executive Director
Mr. SU Fu *(Chairman)*

Executive Directors
Mr. WANG Tielin *(Chief Executive Officer)*
Ms. CHEN Shengnan
Ms. WANG Ling

Independent Non-Executive Directors
Mr. KO Ming Tung, Edward
Mr. LU Xin
Mr. SUN Po Yuen

Members of Committees

Audit Committee
Mr. SUN Po Yuen *(Chairman)*
Mr. KO Ming Tung, Edward
Mr. LU Xin

Remuneration Committee
Mr. LU Xin *(Chairman)*
Mr. KO Ming Tung, Edward
Mr. SUN Po Yuen

Nomination Committee
Mr. KO Ming Tung, Edward *(Chairman)*
Mr. LU Xin
Mr. SUN Po Yuen

Corporate Governance Committee
Mr. WANG Tielin *(Chairman)*
Ms. CHEN Shengnan
Ms. WANG Ling
Ms. CHEUNG Kar Mun, Cindy

Strategy Committee
Mr. SU Fu *(Chairman)*
Mr. WANG Tielin
Ms. CHEN Shengnan
Ms. WANG Ling
Mr. LU Xin

Chief Financial Officer

Ms. WANG Ling

Qualified Accountant

Ms. CHEUNG Kar Mun, Cindy

Company Secretary

Ms. CHEUNG Kar Mun, Cindy

Auditors

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

Legal Adviser

Haiwen & Partners LLP

Principal Bankers

Bank of China
China Construction Bank
Industrial and Commercial Bank of China
Agricultural Bank of China
China Everbright Bank
Bank of Tokyo-Mitsubishi
Rabobank International
The Hongkong and Shanghai Banking Corporation Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business

Unit 4705, 47th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Share Registrars and Transfer Offices

Bermuda (Principal office)
Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Hong Kong (Branch)
Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Company Website

www.sinofert.com

Share Listing

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
Stock Code: 297

Investor Relations

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Fengtai District
Beijing 100069, PRC

FINANCIAL HIGHLIGHTS

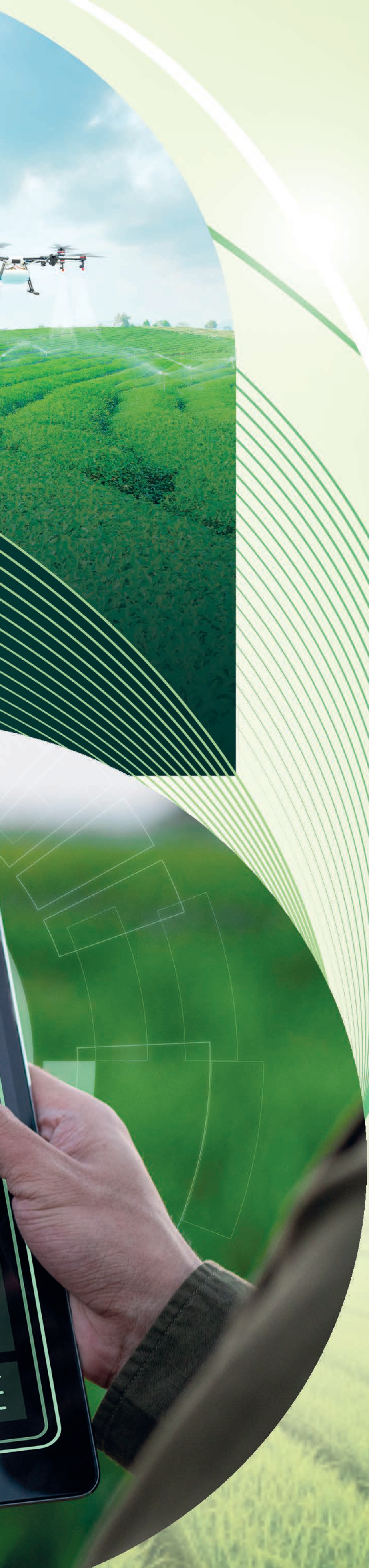
(RMB'000 except for basic earnings per share)

	2024	2023
Revenue	**21,264,854**	21,728,120
Gross profit	**2,543,838**	2,259,547
Profit before taxation	**1,224,010**	846,235
Profit attributable to owners of the Company	**1,061,480**	625,549
Basic earnings per share *(RMB)*	**0.1511**	0.0891
Return on equity *(Note 1)*	**10.55%**	6.52%
Debt-to-equity ratio *(Note 2)*	**17.59%**	18.45%

Note 1: Calculated on the basis of profit attributable to owners of the Company for the reporting period divided by the average equity attributable to owners of the Company as at the beginning and the end of the reporting period.

Note 2: Calculated on the basis of total interest-bearing debt divided by total equity as at the end of the reporting period.


HUMIDITY
MOISTURE
BATTERY
LIFE CYCLE



CHAIRMAN'S STATEMENT

Growing with China's Modern Agriculture

To shareholders,

As the year draws to its close, a new cycle begins. Looking back to 2024, the global economy moved forward with faltered steps amid a complex and volatile landscape, and the competition in the industry was becoming increasingly fierce. All employees of the Group cooperated in full efforts, and worked hard, thereby creating a new chapter in the development of the Company. On behalf of the board of directors, I would like to extend my utmost and heartfelt respect to all employees who have worked hard and devoted themselves to the development of the Company, and to the shareholders and partners who have always trusted and supported us!

In 2024, the Group overcame the impact of many unfavorable factors such as the decline in market prices of products and fluctuations in prices of raw materials. During the year, the Group achieved a sales volume of 7.21 million tons, a revenue of RMB21,265 million, and a net profit of RMB1,075 million, representing a year-on-year increase of 57%. The profit attributable to owners of the Company amounted to RMB1,061 million, representing a year-on-year increase of 69.49%, which showed a continuously better-off growth trend.

In 2024, the Group focused on its main responsibilities and businesses. The agrochemical service team paid in-depth visits to the farmlands to train and deliver scientific planting technology for farmers, and carried out a series of crop harvest celebration observation events themed "Food Security for Prosperity of Families and the Country; Bountiful Harvest" for two consecutive years, by which we provided an endless stream of "nutritious meals" for farmland crops to help farmers increase production and efficiency improvement, and carried out more than 5,000 activities with the theme of agricultural technology for farming support throughout the year, benefiting millions of people. New biofertilizers of the Company have won the trusts and affirmations of farmers, and have been awarded with many honors such as the "Favourite Brand for Farmers" for 2024.

In 2024, the Group adhered to technological innovation as the core driving forces of the "Bio+" strategy. Key biotechnological breakthroughs were carried out in areas such as biological nitrogen fixation, biological phosphorus solubilisation, and synthetic biology. The Group officially launched the "Bio+" technology brand to lead the industrial development in transformation and innovation as a role model. The new technology of ammonium phosphorus efficiency enhancement was successfully awarded the "Major New Technology in Chinese Agricultural and Rural Areas for 2024", and the Linyi Agricultural R&D Center of Sinochem Fertilizer Company Limited (Linyi R&D Center) won the Excellence Award in the Final Competition and the first prize in the Shandong Regional Competition of the China Innovation Methods Competition with the project of "Improving the Storage Time and Survival Rate of Bacillus Megaterium Liquid Inoculants". The annual R&D results transformed into 1.285 million tons of new products, of which the sales volume of Class A products such as Lanlin and Kedefeng increased by 55% year-on-year.

In 2024, the Group was firmly committed to the path of green and sustainable development. By implementing a series of improvement actions on the foundation of operations, the industrial segment achieved the safety goal of "four zeros" of HSE (i.e., production safety incidents at the company-level were zero, general and above environmental emergencies were zero, new occupational diseases were zero and major negative public opinions regarding HSE were zero) during the year. In the sixth "ESG Leading Enterprises" selection jointly organized by Bloomberg Businessweek and Deloitte, the "Sinochem Changshan's Low-Carbon Environmental Protection Comprehensive Improvement Project" was awarded the "Leading Environmental Initiatives" and "The 3rd-Generation Bio-Phosphate Fertilizer Project" was awarded the "Leading Social Initiatives". Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong") has achieved the comprehensive utilization rate of phosphogypsum of 100% for two consecutive years, and has successfully passed the supervision audit of ISO 9001-2015 and the re-certification of FAMI-QS 6.0 quality system, the certification of Islamic Food and Nutrition Council of America, and the certification of patent-intensive products (monocalcium products) in Yunnan Province. The "HOPE" Soil Health platform was awarded the "Outstanding Case of Social Action Leadership" in the 3rd award presentation for listed companies by EY, which demonstrated the increasing social influence of the Group.

The new year begins, and we go on a new journey together. Looking forward to 2025, we are full of confidence that we will leverage the advantages from the internal resources of Sinochem Holdings and Syngenta Group to take the in-depth promotion towards the goal through focusing on the "Bio+" strategy and unswervingly make further steps in various works. We will plan the layout of its forward-looking biotechnology and products, continuously deepen the integrated layout of research, production and marketing, keep improving the level of operation and management, provide farmers with green and efficient crop nutrition products, scientific and professional service solutions, and become a brave pioneer winning "the rating of satisfaction from farmers and the words of mouth from markets". At the same time, on the premise of ensuring the stable operating cash flow, we will make advisable investment decisions according to our strategic planning, strive to achieve the optimal capital allocation, cultivate the industrial support that aligns with the "Bio+" strategy, and ensure the stable and sustainable development of the Group.

I believe that with the care and support of our shareholders and partners, all employees of the Group will steadfastly promote the "Bio+" strategy, and keep moving forward until our goal is met. We look forward to presenting more impressive results of our development to everyone on the occasion marking the 20th anniversary of the Company's listing in 2025.

SU Fu
Chairman of the Board

Hong Kong, 25 March 2025

CHRONICLE OF EVENTS

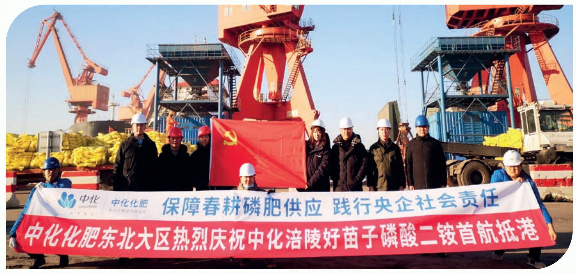
Year 2024

JANUARY

- The vessel "PALM ISLAND" from Jordan arrived at the Port of Machong with 55,000 tons of potash. The shipment of potash was procured from the Arab Potash Company (APC) in Jordan, which is a partner in the “Belt and Road Initiative”. The Group has strongly secured the springtime agricultural production through the stable potash supply system.

MARCH

- The Group actively fulfilled its social responsibility as a "main force" in agriculture. In order to ensure the stable supply of fertilizer for spring ploughing, the production factories maintained high load production, while the distribution companies leveraged their procurement advantages and relied on distribution networks to successfully deliver the fertilizers to grass-roots outlets and farmers in a timely manner.



JUNE

- The Group organized and conducted special activities for the Production Safety Month, conducted emergency drills on themes such as the leakage of hydrogen sulfide gas, the blockage of drainage shafts in the tailings ponds, injuries caused by underground mine wall or roof collapse and lifting machinery accidents, and evacuation and escape exercises in the underground mines under the extreme weather conditions, thereby enhancing emergency response capabilities and strongly securing the stable operation of enterprises.

Year 2024

JULY

- China's potash import negotiation team has reached an agreement with Food Safety Supply Chain Limited (Dubai) on contract prices of imported potash for the year 2024, with a contract price at cost and freight (CFR) of US$273/ton, representing a decrease of US$34/ton compared to the previous year, allowing China to continuously maintain its competitive price and benchmark position in terms of potash in the world.

AUGUST

- The Group organized and conducted the activity named "Foundation Action of Sinofert - Benchmarking Learning for Excellence in Operations", featuring visits to outstanding companies for in-depth learnings and exchanges, primarily learning advanced experiences, operational models, and tools and methods in the area of excellence in operations, thereby obtaining best practices to enhance its own level of operational excellence.

AUGUST

- The rice harvest celebration of the Group for the "Food Security for Prosperity of Families and the Country; Bountiful Harvest" was successfully held in Poyang County, Shangrao, Jiangxi Province. The demonstration fields in Guxiandu Town, Poyang County covered a total area of over 2,000 mu, all adopting products and planting solutions of the Group. On the day of the event, more than 200 people in total, including large growers and distributors, gathered on-site to share the joy of the rice harvest with over 2,000 online viewers watching the live streaming.

- Alexander Schmitt, Chief Marketing Officer (Global), Mike Garnett, Chief Business Officer from Crop Nutrients of Anglo American, and Zhou Xu, Head of the China Region, as well as their delegation, visited the Group. Both parties conducted comprehensive and in-depth discussions on strategies of sustainable development on agriculture, cooperation on technological innovation, market expansion planning, and reached a series of consensus on the development of "green agriculture". On this basis, both parties officially entered into a memorandum of understanding (MOU) for strategic cooperation.

Year 2024

SEPTEMBER

- The project named "Creation and Industrialisation of Green Value-added Ammonium Phosphate Products" as part of the National Key Research and Development Plan under the 14th Five-Year Plan and the demonstration field meeting on corn as value-added ammonium phosphate products under the “National Alliance of Technology Innovation for Fertilizer Reduction and Higher Efficiency" hosted by the Group was successfully held in Suihua, Heilongjiang. The product named "Meilinmei", which was developed for the Northeast region and showcased at the demonstration meeting, received unanimous affirmation from attendees for its effectiveness in increasing corn yield and reducing fertilizer usage.

SEPTEMBER

- Mr. Wang Tielin, the Chief Executive Officer of the Company, met with Ms. Alzbeta Klein, the Chief Executive Officer of the International Fertilizer Association (IFA) and her delegation. Both parties discussed and exchanged views on the domestic and overseas sustainable development of fertilizers, global food security, and deepened mutual cooperation.

- The Company successfully held a reverse roadshow for investors named "Developing the Biological Agriculture with New Quality, Innovation and Efficiency for 2024" in Yucheng, Shandong and the R&D and production bases of Sinochem Linyi. Investors recognised and acknowledged the Company's operating systems as well as the results achieved by the advancement of its “Bio+” strategy.

Year 2024

OCTOBER

- The Group accepted an interview with Xinhua News, focusing on an introduction of its "Bio+" strategy, which aims to develop new "Bio+" technologies and fertilizer products by measures such as constructing capabilities of high-level agricultural biotechnology research and development, exploring new models of cooperation between the science and enterprises, and relies on an efficient mechanism for research, production, marketing, and service coordination to achieve rapid large-scale industrial application of new technologies and new products.

OCTOBER

- The Group participated in the Asia-Pacific Regional Conference 2024 of the International Fertilizer Association (IFA) on-site. During the conference, the Group conducted in-depth communication with the suppliers and partners of core potash, compound and phosphate fertilizers such as APC, Canpotex, FSS, BPC, FertiStream, BHP, OCP, etc., to consolidate and deepen the current cooperation, while actively exploring new cooperation opportunities after taking their respective strategic development directions into account.

- The project of "Improving the Storage Time and Survival Rate of Bacillus Megaterium Liquid Inoculants" by the Linyi R&D Center, won the first prize in the Shandong Regional Final of China Innovation Methods Competition and the Excellence Award in the Final of 2024 China Innovation Methods Competition.

Year 2024

NOVEMBER

- The "Green Efficiency Enhancement Technology of Ammonium Phosphate with Efficient Coupling of Root and Phosphorus" jointly developed by the Group and the Institute of Agricultural Resources and Regional Planning of the Chinese Academy of Agricultural Sciences was awarded the "Major New Technology in Chinese Agricultural and Rural Areas for 2024". The award of this achievement indicated that the new technology of phosphate fertilizer of the Group has reached the national leading level in China.

- The Company's "Sinochem Changshan's Low-Carbon Environmental Protection Comprehensive Improvement Project" was awarded the "Leading Environmental Initiatives" and "The 3rd-Generation Bio-Phosphate Fertilizer Project" was awarded the "Leading Social Initiatives" in the 2024 ESG Leading Enterprise Campaign of Bloomberg Businessweek.

NOVEMBER

- The Group was invited to participate in the 24th "Phosphate Compound Fertilizer Production and Sales Exhibition" jointly organized by China Phosphate and Compound Fertilizer Industry Association and China National Agricultural Means of Production Circulation Association. A variety of "Bio+" core products, as well as two major core businesses, namely potash fertilizer and phosphate fertilizer, were fully displayed at the exhibition site. The synergistic business of plant protection and seed innovation and the "Hope" soil health business also appeared at the booth, while drawing the attention of many insiders and outsiders of the industry.

- With shared experiences through thick and thin for more than 70 years, a win-win future is secured by innovations and cooperations. Ms. Rejane Souza, the Senior Vice President and the President of Global Innovation, and Mr. Roberto Puzzo, the Senior Vice President (Global) and the General Manager (China region) of Yara International, led their delegation to visit the Group, and Mr. Wang Tielin, the Chief Executive Officer of the Company, and Ms. Chen Shengnan, an executive Director, had an information exchange meeting with the relevant personnel from Yara International and Yara China, during which the two counterparts conducted in-depth discussions and exchanges on innovative development and strategic cooperation in the field of agriculture.

Year 2024

NOVEMBER

- The Company won the “Jury Special Award” at the 3rd “Summit Forum for Sustainability Officers of Listed Companies cum Annual Best Awards Presentation Ceremony” held by Ernst & Young, and its “HOPE” Soil Health Platform was awarded the “Outstanding Case of Social Action Leadership”.

DECEMBER

- Sinochem Fertilizer won two awards, namely "2024 Top 100 Fertilizer Enterprises in China" and "2024 Top 50 Biofertilizer Enterprises in China", in the "2024 (17th) Selection of Top 100 Fertilizer Enterprises in China cum Forum on the Development of New Quality Productive Forces in the Chinese Fertilizer Industry".
- Sinochem Yunlong was awarded the honorary title of “Kunming Waste-free Factory”, and the Mozushao Mine of Sinochem Yunlong was awarded the honorary title of “Kunming Waste-free Mine”.

DECEMBER

- Sinochem Fertilizer was awarded the title of “Favourite Brand for Farmers” in the “27th Annual Summit of Chinese Agrochemical Industry Leaders”.

- The Company’s shareholding in Southbound Stock Connect exceeded 10% for the first time since it was included in Southbound Stock Connect. In 2024, the Company’s shareholding in Southbound Stock Connect increased significantly, which signified its increasing recognition from the capital market.

MANAGEMENT REVIEW AND PROSPECT

MANAGEMENT REVIEW AND PROSPECT

Business Environment

In 2024, due to the adverse impacts of frequent geopolitical conflicts and trade protectionism, the global economic environment became complex and severe. In response to economic challenges and to promote the growth, monetary policies of central banks around the world successively shifted from tightening to easing, and the rate cut cycle of Federal Reserve began in September, which triggered a trend of rate cuts globally. Domestically speaking, the economic development faced the challenge of insufficient effective demand. The Chinese government continued to make efforts to stabilize the overall economic market through a series of policy mixes, and promoted the optimization and adjustment of the economic structure, thereby achieving stable and healthy economic development, with a year-on-year GDP growth of 5%. This not only laid a foundation for high-quality development of its own economy, but also contributed key momentum to the stable growth of the global economy. Due to the fluctuations of the industrial chains and supply chains, the prices of major fertilizer varieties fell during January to March, rebounded during April to June, and then fell again during July to September, witnessed another rebound during October to November, and ended with a decline in December, marking a downtrend as a whole for the year.

In 2024, the Chinese government continuously attached importance to food security, strictly implemented the policy of "sustainable farmland use and innovative application of agricultural technology", focused on increasing the output of food by improving the yield per unit of a large area of land, and strengthened the cohesion and alignment and technological integration and innovation in various aspects such as arable land, water supply, seeds, agricultural machinery, fertilizers and pesticides and farming techniques, in order to enhance the comprehensive capacity of food production. The National Development and Reform Commission issued the "Circular on Supply Guarantee and Price Stabilization of Fertilizers for the Spring Cultivation Season in 2024 and throughout the Year", with detailed and comprehensive deployments from multiple aspects including production procedures, supply guarantees on raw materials, circulation channels of products, management mechanism on reserves, optimization of import and export services, maintenance of market orders, and efficiency enhancement for scientific application of fertilizers. A national platform for the guarantee of agricultural inputs has been established, with 240 enterprises engaged in production and distribution of agricultural inputs as the first batch of members, to maintain the overall stability in the agricultural inputs market, ensure the stable supply and reasonable pricing of fertilizers, and support the food security and stabilize the agricultural production.

In the face of the complex and volatile environment of external markets, the Group has always adhered to the pragmatic entrepreneurial spirit of "going ahead against all odds, exploring the unmet needs by innovation", while focusing on its main responsibilities and core businesses. With the "Bio+" strategy as its direction, the Group has strengthened its technological innovation, accelerated the commercial transformation of new products, optimized its channel layout, conducted its quality improvement and efficiency enhancement, and achieved its growth in both of operating effectiveness and operating efficiency, thus providing strong support and protection for the advancement and sustainability of the Group's "Bio+" strategy.

Financial Performance

For the year ended 31 December 2024, the Group's revenue amounted to RMB21,265 million. Profit attributable to owners of the Company amounted to RMB1,061 million, representing a year-on-year increase of 69.49%.

The aforementioned profit attributable to owners of the Company has included the impact of related impairments or losses recognized as result of the closure due to the policy and bankruptcy and liquidation of Yangmei Pingyuan Chemical Company Limited ("Yangmei Pingyuan"), of which a credit loss of RMB328 million and an asset impairment loss of RMB195 million were recognized for the year ended 31 December 2023, and a credit loss of RMB168 million was recognized on the loan to Yangmei Pingyuan for the year ended 31 December 2024. Excluding the related impairments or losses recognized above, the profit attributable to owners of the Company for the year ended 31 December 2024 amounted to RMB1,229 million, representing an increase of 6.96% compared to the profit attributable to owners of the Company of RMB1,149 million for the year ended 31 December 2023.

Research and Development

In 2024, continuously focusing on its "Bio+" strategy and leveraging the national and provincial R&D platforms such as the "National Engineering and Research Center for Cultivated Land Protection", the Group continued to promote the establishment of the R&D capabilities for "Bio+" and product innovation. In terms of establishing the R&D capabilities for "Bio+", the Group continued to strengthen the platform for scientific research and the team building, thereby building the R&D team led by three chief scientists in biotechnology, soil health and nutrient efficiency, accelerated the construction of the R&D system for "Bio+", and continuously developed and optimized the R&D model for "Bio+", in order to enhance the R&D output. In terms of the technical researches, key biotechnological breakthroughs such as biological nitrogen fixation, biological phosphorus solubilisation and synthetic biology were carried out, resulting in the granting of 27 invention patents in the field of biotechnology, which further reinforced the foundational technical support. In terms of the product development, considering the market demands and through technological integration, the development of six new or upgraded products such as "Huanfeng", "Weidefeng", etc., was completed, and industrial transformation was achieved through the synergy among research, production and marketing. In 2024, the annual R&D results transformed into 1.285 million tons of new products, of which the sales volume of Class A products such as Lanlin and Kedefeng increased by 55% year-on-year. In the year, the Group was awarded two "Science and Technology Advancement Awards of Sinochem Holdings" and three "Patent Awards of Sinochem Holdings". At the same time, the Green Efficiency Enhancement Technology of Ammonium Phosphate with Efficient Coupling of Root and Phosphorus was awarded the "Major New Technology in Chinese Agricultural and Rural Areas for 2024" by the China Association of Agricultural Science Societies.

In the future, the Group will continue to be directed by the "Bio+" strategy, continuously develop its integrated R&D capability of "nutrient efficiency, biological formulation and soil health", and promote the research and development, industrial transformation and marketing of key "Bio+" products through an integrated mechanism of research, production and marketing.

Basic Business Segment

The Basic Business Segment is mainly responsible for the domestic distribution business and the export trading business of strategically and centralizedly procured potash fertilizers, phosphate fertilizers and sulphur, practicing its social responsibilities as a key player in agriculture, and playing a positive role in the stabilization of supplies and prices of agricultural inputs in the domestic market.

In terms of potash fertilizer operations, the international supply level of potash fertilizers continuously recovered and improved in 2024, and the prices remained weak. The Group continued to strengthen its strategic cooperations with major international potash fertilizer suppliers, and enriched its diversified import system, so as to ensure the domestic supply of high-quality potash fertilizer resources. At the same time, the Group worked closely with domestic potash fertilizer producers to increase the efforts to ensure the joint supply of potash fertilizers in key regions during critical periods such as the spring cultivation and autumn sowing. The Group further reinforced its core industrial customer bases and enhanced its service measures and standards. The Group optimized the marketing system of agricultural potash with "Fenghexiang" as the core, innovatively launched the biological potash fertilizer product of "Weidefeng" and introduced that into various markets, thereby achieving a sales volume of 20,000 tons in the year. The Group continuously strengthened its business capacity for potash sulfate, enhanced terminal agricultural technology services, improved the level on scientific use of potash, promoted the use of less fertilizers and efficiency improvement and drivied the development of the "Bio+" strategy.

In terms of phosphate fertilizer operations, the phosphate fertilizer business of the Group leveraged an operation model of the entire industry chain, effectively resisted various challenges and risks, navigateed through cycles, and achieved steady growth. With the development of strategic and centralized procurement capabilities at its core, the Group deeply collaborated with leading enterprises in the industry to establish a strategic supply system with leading comprehensive cost. The Group achieved a centralized procurement rate of 92% in 2024, and successfully completed the task of ensuring supplies and stabilizing prices for phosphate fertilizers. The Group started to adjust the operational value of phosphate fertilizers to provide comprehensive solutions to cater for the most concerned upstream and downstream demands, and reduced the overall cost of fertilizer application. The Group accelerated its innovation and transformation, created the single major products of biological phosphate fertilizers represented by "Meilinmei", and achieved a rapid growth in both volume and profit while significantly enhancing its influence in the industry. The sales volume of phosphate fertilizers in the year increased by 12% year-on-year; the sales volume of differentiated products of biological phosphate fertilizers reached 250,000 tons, representing a year-on-year increase of 14%. Meanwhile, the Group proactively explored and promoted the extension of the phosphate industry chain, steadily increased the market share in areas such as drip irrigation in agriculture and new energy, and achieved the innovative development of the business.

Growth Business Segment

The Growth Business Segment of the Group is primarily responsible for the integrated operation business for research, production and marketing of bio-compound fertilizers and special fertilizers, and domestic distribution business of crop protection (products) and seeds through internal synergy with Syngenta Group.

The business operation of bio-compound fertilizers closely focused on the deployment of the "Bio+" strategy, continued to deepen the adjustment of product structure, and adhered to the operation of differentiated products which concentrated on developing the single major core products of bio-compound fertilizers, thereby achieving a new high in terms of the scale of volume and profit. In 2024, the sales volume of differentiated compound fertilizers was 1.5 million tons, representing a year-on-year increase of 0.16 million tons. By focusing on operation resources, the Group continued to deepen the establishment of product system and the adjustment of product structure, shaped the core products with outstanding characteristics and brand influence represented by "Lanlin", "Yaxin", "Kedefeng", "Weigeshi", "Huanfeng", etc. The Group took brand promotion and technology marketing as the dual drivers and carried out the marketing activities with the focus on the single major core products, while continuously innovating and refining the technical marketing and promotion models for "Bio+" high-end products to accelerate the promotion of biological products, which led to a steady growth in the scale of volume and profit, with the increase in sales volume of "Bio+" high-end products by 59% year-on-year. The Group continued to deepen the integrated operation and protection system for research, production and marketing, realized efficient synergies with the "product-oriented operation system", continued to maintain its operational efficiency at the industry-leading level, achieved the optimal balance between supply and demand, and continuously enhanced its influence in the branded markets.

The operation of special fertilizers adhered to the core strategy of green and sustainable agricultural development, focused on the core business of biological formulations and soil health, with an emphasis on development of products aimed at improving soil structure and promoting the transformation of agriculture towards resources-saving and environmental friendly development. With the gradual establishment of market advantages through the "dual products of 'You' – Youliangmei and Youcuilu", the brand influence has been significantly increased, thereby maintaining an absolute leading advantage in the segmented market of foliar spraying for food crops. The annual sales volume of special fertilizers in 2024 exceeded 110,000 tons, representing a year-on-year increase of 20,000 tons. Among them, the sales volume of soil health products reached 30,000 tons, representing a year-on-year growth of 11%. In the future, the Group will continue to adhere to the target-driven approach for high profits, concentrate resources to continuously focus on the areas of biological formulations and soil health products, continuously expand the market share in these segmented markets, and promote the special fertilizer business to a higher level by focusing on the development of strategic products.

The domestic distribution business of crop protection (products) and seeds through internal collaboration with Syngenta Group continued to expand synergistic business increments by a diversified model of channel synergy, focused on key targeted pests and diseases of core crops, and focused on increasing the sales scale of a single product, as well as other approaches, which led to a steady increase in sales revenue of synergistic business. In 2024, the Group achieved a revenue of RMB410 million from synergistic crop protection, representing an increase of 5% as compared with the corresponding period last year, with a three-year compound growth rate of 17%. The customized products of Syngenta Group China achieved an annual sales revenue of RMB45 million, and the sales revenue of the single product of "Maiyouban" exceeded RMB13.3 million, representing a year-on-year increase of 201%, providing a favorable guarantee for the profit contribution of the product line of crop protection. For the synergistic business of seeds, we made full use of the Group's advantages in market coverage and customer scale in corn, wheat and rice, thereby achieving a sales revenue of RMB52.4 million, representing a year-on-year increase of 46%, through joint demonstrations and observations and jointly-held meetings for core customers, etc., and were committed to efficiently developing the synergistic business of seeds in a continuously healthy and stable direction.

Production Business Segment

The Production Business Segment of the Group mainly includes production and sales business of Sinochem Yunlong (agricultural MCP/DCP), Sinochem Chongqing Fuling Industry Co., Ltd. ("Sinochem Fuling") (refined phosphate, etc.) and Sinochem Jilin Changshan Chemical Co., Ltd. ("Sinochem Changshan") (synthetic ammonia and urea, etc.).

In 2024, Sinochem Yunlong continued its benchmarking and upgrading, focused on works such as "system establishment, capability enhancement, craftsmanship safety, operation safety, and dual carbon management", while continuously developing its core competitiveness of HSE. It strengthened the guarantee and synergy of production, sales, inventory, storage and supply, increased control over the production process, and adjusted the load of the production equipment for sulfonic acid based on the movement of market prices of sulfur and sulfuric acid to reduce energy and materials consumption. It optimized the product structure in order to focus on the production of highly value-added feed-grade monocalcium phosphate (MCP) series of products. Also, it maintained reasonable inventory, and reduced inventory costs to ensure safety, stability, enduringness, fullness and excellence. It insisted on conducting quality benchmarking works with major domestic enterprises engaged in MCP/DCP, fluorine salt and modified phosphogypsum on a quarterly basis, and continuously improved and maintained its leading advantage in the quality of high-phosphorus feed calcium (MCP/DCP), fluorine salt and modified phosphogypsum, thereby achieving a net profit of RMB306 million, representing a year-on-year increase of approximately 6.5%. In 2024, Sinochem Yunlong successfully passed the supervision and verification on ISO 9001-2015 and the re-certification on FAMI-QS 6.0 quality system, while being re-certified as a national high-tech enterprise, obtaining the certification from the Islamic Food and Nutrition Council of America, and being recognized for its patent-intensive products (MCP/DCP products) in Yunnan Province. After fulfilling its performance obligations on the national carbon market emission rights in the year, Sinochem Yunlong had a surplus of 26,000 tons of carbon quotas, and sold 15,000 tons of carbon quotas in the carbon market in the mid-year, thus contributing to the works of green and sustainable development.

In 2024, in the face of multiple difficulties such as the fluctuations in the fertilizers market and the high prices of phosphate mines, Sinochem Fuling adhered to leveraging the operational excellence to achieve the goals of "safety, stability, enduringness, fullness and excellence", tightened up the management of production and operation, and focused on the release of production capacity. Sinochem Fuling adhered to the principle of "maximising the value of installations", demonstrated the advantages of flexible manufacturing, guided the production schedule based on marginal contribution and gross profit projections, and flexibly adjusted the product structure of "fertilizer + salt". Sinochem Fuling focused on the "release of production capacity for phosphoric acid", and achieved continuous increase in the production capacity, with the capacity utilization rate of core phosphoric acid installations reaching 102% and the cumulative comprehensive capacity utilization rate of the installations reaching 94% throughout the year. It unswervingly promoted the "Bio+" strategy, and insisted on the strategy of high-quality, differentiated and refined products, thereby achieving the increase in overall capacity utilization rate of the compound fertilizer installations from 46% in 2023 to 59%, and the rise in the differentiated proportion of the compound fertilizer installations from 6.8% in 2023 to 65.7%. Sinochem Fuling adhered to technological transformation and empowerment, and deepened quality enhancement and efficiency improvement, thereby the net profit during the year was basically flat year-on-year. At the same time, Sinochem Fuling was fully committed to tackling the issue of slow-moving inventory of phosphogypsum that restricted the survival and development of Sinochem Fuling, broadened the channels for phosphogypsum consumption and utilization, and carried out the application of phosphogypsum to road bases and its ecological restoration and utilization. Currently, the demonstration road using phosphogypsum as road bases has entered the implementation stage.

In 2024, Sinochem Changshan upheld the philosophy of "safe operation, higher yield and lean operations", focused on its main businesses and responsibilities, and the quality and efficiency of its production and operation were continuously improved. The production volume of synthetic ammonia, its main product, achieved its stable growth for six consecutive years, with a net profit of RMB14.04 million. However, due to the impact of the fluctuations and bottom-out in the market prices of synthetic ammonia and urea, and the significant decrease by RMB476 per ton year-on-year in the price of synthetic ammonia, the profit decreased by RMB66 million year-on-year. With the goal of becoming a "smart factory", continuous investment in the expansion of information technology was made, the visualization of production management and the informatization of operational management were effectively applied, coupled with the construction of information technology which empowered and enhanced the production safety. In the face of market downtrend, Sinochem Changshan adhered to the philosophy of operational excellence and continuously implemented a "low-cost" strategy, by which it successively carried out 31 energy conservation and potential optimization projects. As at the end of 2024, it cumulatively achieved a revenue of over RMB100 million through cost-saving and consumption-reduction approaches, providing a solid protection for the company to respond to market risks. With green and diversified development as its strategic channel, Sinochem Changshan commenced and implemented an industry chain extension based on synthetic ammonia, and confirmed the implementation of the formamide project. The carbon reduction was also carried out through diversified cooperations, which included joining hands with third parties to achieve the photovoltaic power generation and the addition of recovery devices for carbon dioxide, thereby achieving milestone targets of carbon reduction.

Digital Service Innovation

In 2024, the Group built up a system to enhance the technical marketing capabilities, established a three-tier technical service team, established fields for trial and demonstration purposes, and conducted online and offline technical seminars. Over 400 technicians paid in-depth visits to the farmlands with targets to crop planting and customer needs, focused on key regional products to carry out the demonstration and promotion fields for mature products, and showcased demonstration solutions of advanced technologies to farmers. By focusing on its key promotional products, and conducting exploratory product trials, the Group continuously provided high-quality planting solutions suitable for local crops to ensure the safety of planting and production by farmers. The Group offered comprehensive technical solutions for crops, and promoted the use of good seeds and good planting methods, with over 70,000 cumulative activities on comprehensive technical services throughout the year. At the same time, by leveraging over 50,000 distribution points, the Group launched the first Sinofert Beneficial Agriculture Festival, in which it considerately planned a series of extensive and vibrant activities to support and benefit farmers. The Group held a series of crop harvest celebration and other activities with the themes of "Food Security for Prosperity of Families and the Country" and "Peasant Affluence Brings Good Harvest". The Group engaged in online and offline immersive interactions with farmers, and provided detailed explanations on crucial issues of crop planting and solutions. Such campaigns covering multiple topics effectively reached more than 450,000 end-users covering farmers online and offline, with new media reaching more than 15 million viewers. The Group continuously integrated quality resources and technology advantages, popularized advanced planting technology for farmers, reduced the use of pesticides and fertilizers through technical means, thereby minimizing pollution to soil, water sources and ecosystems, while promoting the increase in farmers' income and taking ecological protection and sustainability of environment into account.

Internal Control and Management

The Group's internal control and risk management system was established based on the "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission in the United States, the "Risk Management Guidelines" published by the International Organization for Standardization and the "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants, and following the "Central Enterprises Comprehensive Risk Management Guidelines", the "Basic Rules of Corporate Internal Control" and its referencing guidelines, and the "Measures for Central Enterprises Compliance Management" of China as well as in compliance with the national requirements on strengthening internal control system establishment and supervision in recent years. Under the principle of "high priority, frequent monitoring and diversion as the main solution" and with risk management orientation, the Company paid attention to the establishment of internal control in line with strategic development and integrated with business management. Through risk identification, assessment and response measures, the Group implemented the whole process risk management, alert and response measures on material risks to serve the value creation of its enterprises.

In 2024, the Group fully implemented the requirements of State-owned Assets Supervision and Administration Commission for the construction and supervision of internal control system of state-owned enterprises: accelerating the promotion of comprehensive coverage of the construction and supervision system of internal control. The Group effectively fulfilled the Board's responsibilities of supervision on internal control throughout the entire chain, enhanced the quality of state-owned listed companies, and improved the audit department to ensure the independence and objectivity of supervision on internal control. The Company continued its promotion of the "Optimization and Enhancement Project on Internal Control System". The project entered the stage of comprehensive enhancement in the year, and was fully expanded to 22 companies. The Company supervised each subsidiary to thoroughly review the deficiencies of the internal control system, fully completed the addition and revision of system processes and the manuals on rights and responsibilities, and continuously strengthened the establishment of the internal control system. The Group improved and published the rules and regulations on important businesses such as production management, product quality and compliance management. As at the end of the year, a total of 58 systems were published, and the 2024 version of the manual on rights and responsibilities with 90 working authorities in total was published, with the complete basic systems and rights and responsibilities systems achieved. The Group continued to vigorously carry out various forms of publicity on the culture of compliance during the year, including presentation activities on risks by department heads of the middle and back office, professional department trainings, systematic monthly meetings with responsible personnel for finance and risk matters as well as meetings with special topics, so as to continuously promote managers at all levels to firmly establish a scientific concept of business safety and create a benign and compliant internal control atmosphere of "steady operation and healthy development". During the year, the Group continued to carry out the works on risk identification, monitored major risks, comprehensively investigated incidents regarding operational risks, and focused on the establishment of long-term mechanisms. Throughout the year, the Group did not experience any incidents of operational risks exceeding the ordinary level (RMB5 million).

In 2024, the internal control and risk management system of the Group met the requirements of domestic and foreign regulatory agencies. The internal control and management function aligned with the strategic transformation of the Company, and proactively enabled, supported and assured its business development. The internal control and risk management system effectively protected the interests of shareholders of the Group, asset safety and the improvement of operation quality.

Social Responsibility

The Group served the Chinese farmers wholeheartedly, and proactively demonstrated our influence and leading status in the industry. The Group directly provided agricultural inputs to the grass-root farmers and ensured steady supply of products through our comprehensive distribution service network for agricultural inputs covering more than 95% of China's arable land during the key period of spring cultivation, summer sowing, autumn harvesting and winter storage seasons. Meanwhile, the Group provided comprehensive, differentiated and customized services for large-scale planters and new planting entities to guide them to fertilize scientifically. By integrating high-quality resources, the Group provided farmers with comprehensive training services such as crop nutrition, crop protection, sowing and planting techniques, and gradually developed into comprehensive crop cultivation solutions pinpointing various regions across the country in order to help farmers reduce planting costs, while improving the quality of crops, and increasing farmers' income.

The Group strictly followed the requirements of stabilizing the supply and pricing of fertilizers, made plannings and deployments in advance, maintained the operating rate of plant significantly higher than the industry standard, increased the import and procurement of potash fertilizers, proactively assumed the tasks for keeping commercial reserves of fertilizers, enhanced the development and promotion of biotechnology and products for reduction of the use of fertilizers and efficiency improvement, strengthened the terminal agrochemical services and training, guaranteed the supply of fertilizers in the domestic market, and fulfilled the responsibilities of our role as an enterprise.

In order to solve the issue of lacking arable land, the Group implemented the strategic concept of "storing food in the ground" to support the high-quality development of agriculture, and took the lead in launching the "HOPE Soil Health+" service platform, with the vision of "making every inch of arable land fertile soil for harvest" and the mission of "solving the issue of land and raising the potential of soil health" and the goal of "building the O2O soil health digital hospital".

The "HOPE Soil Health+" is to promote sustainability and commercialization of crop plantation by making use of digitalization and innovation as drivers, and to make continuous efforts on various aspects, namely the creation of an open and innovative platform for soil health, a soil health indicator system, soil health products and technology systems, diversified service channels and an online and offline service platform within the open ecological circle, the industry's leading soil health brand, which altogether would provide customers with professional diagnostic assessment and advice on soil health, enhancement services on soil health and sustainable management services on soil health. A total of 22 sets of soil health indicator systems and 22 sets of soil health solutions applicable to different scenarios have been set up, which have been successfully practiced in many fields such as mine reclamation, forest land restoration, efficient utilization of saline alkali land, and soil health improvement of special economic crops, demonstrating strong market vitality.

The "HOPE Soil Health+" service platform focused on the navel orange industry in Ganzhou, Jiangxi, to provide services on soil health. Through precise diagnosis and comprehensive prescriptions, it has effectively improved issues such as soil acidification, compaction, and lack of organic matter, while supporting navel orange farmers to increase their production and income. In Yunnan, the platform focused on various high-value and specialty crops such as grapes, flowers, and vegetables, introduced sustainable planting models in the HOPE solutions to reduce the use of fertilizers and improve efficiency, while improving the ecological environment and supporting green and high-quality upgrade for the industry. In addition, the "HOPE Soil Health+" platform successfully held the second Soil Health and Regenerative Agriculture Forum, implemented the training program on soil health for new quality talents, as well as establishing its brand influence, and was awarded the "Jury Special Award" and "Outstanding Case of Social Action Leadership" in the "Sustainable Development Annual Best Award for Listed Companies" for 2024 by EY. The awards recognized its outstanding contributions in soil restoration, ecological protection, rural revitalization, and farmers' income appreciation. The HOPE soil health strategy aims to solve the arable land problems and promote the sustainability of agriculture and food safety, so as to offer a direction for the high-quality development of the agricultural industry and help the overall realization of rural revitalization.

Outlook

According to the forecast by the report of "World Economic Situation and Prospects 2025" published by the United Nations in January 2025, the growth rate of global economy is expected to remain at 2.8%, showing a certain extent of resilience, but the global trade will face challenges from tariff threats, trade barriers and supply chain disruptions. The Central Document No. 1 was released in February 2025, which focuses on new quality productive force in agriculture, and empowers agricultural modernization through technology, marking the first time to propose the "new quality productive force in agriculture", while emphasizing the technological innovation as the driver for agricultural transformation and upgrade. The document clearly states the focus on the improvement of the yield per unit and the quality, places the food security as a top priority, and stabilizes market expectations through various policies, which include implementing the policies on minimum purchase price for grain rice and wheat, improving the policies on subsidies for corn and soybean producers and subsidies for rice, and stabilizing the policies on subsidies for the protection of arable land, thereby further stabilizing farmers' confidence in planting.

Looking forward, 2025 is an important time marking the 20th anniversary of the successful listing of the Company in Hong Kong. As the first enterprise listed in Hong Kong in the Chinese fertilizer industry, the Company is committed to becoming a leader in the field of "biological fertilizers and soil health innovation" in China, and will unswervingly focus on the core of the "Bio+" strategy, and leverage precise market insights to grasp the opportunities presented by the development of the eras. Under the solid framework of integrated research, production and marketing, the Group continuously enhances the integrated research and development capabilities of "nutrient efficiency, biological formulations, and soil health", further expands the usage scenarios of crops through in-depth exploration and innovative application of biotechnology, and fully promotes the efficient transformation of innovative achievements, thereby leading a new trend in the development of biological fertilizers with excellent products and services. At the same time, the Group will proactively cultivate new quality productive forces to promote comprehensive innovation and upgrade of industries, and inject strong driving force into the sustainable development of the Company. The Group will actively practice its social responsibilities, make every effort to ensure food security, support farmers to increase their production and income, and safeguard the green transformation and high-quality development of Chinese agriculture industry.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended 31 December 2024, the Group recorded sales volume of 7.21 million tons, which was basically flat as compared with that of the year ended 31 December 2023. The Group's revenue was RMB21,265 million, down by 2.13% over the year ended 31 December 2023. For the year ended 31 December 2024, the Group attained gross profit of RMB2,544 million, up by 12.57% over the year ended 31 December 2023. Profit attributable to owners of the Company was RMB1,061 million, up by 69.49% over the year ended 31 December 2023.

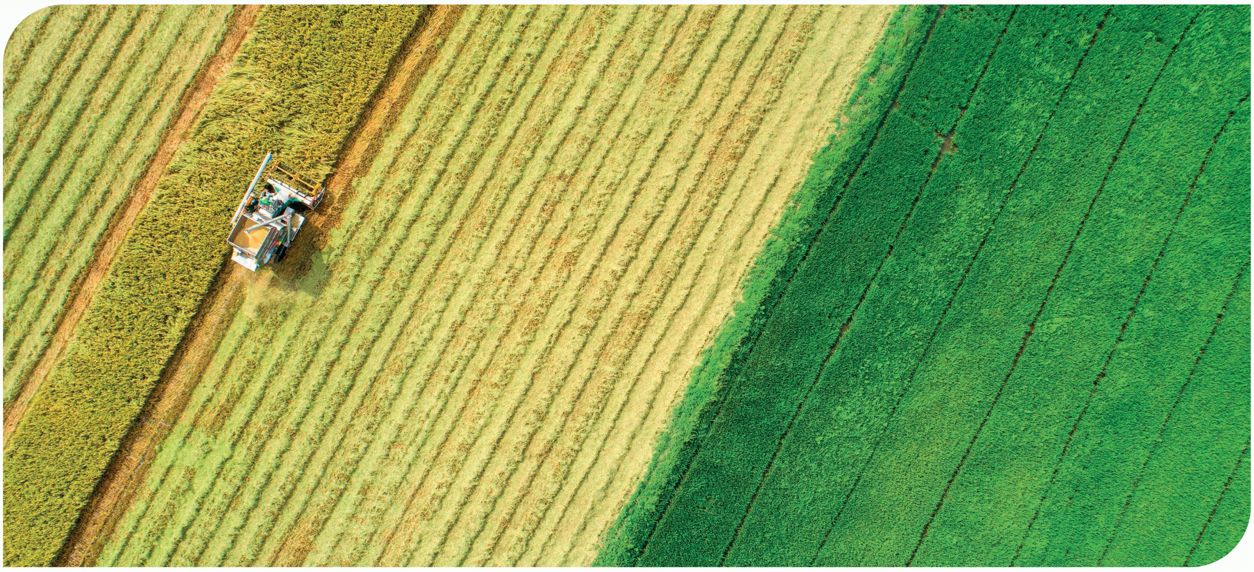
The aforementioned profit attributable to owners of the Company has included the impact of related impairments or losses recognised as a result of the closure due to the policy and bankruptcy and liquidation of Yangmei Pingyuan, of which a credit loss of RMB328 million and an asset impairment loss of RMB195 million were recognised for the year ended 31 December 2023, and a credit loss of RMB168 million were recognised for the year ended 31 December 2024 in relation to the loan to Yangmei Pingyuan. Excluding the related impairments or losses recognised above, the profit attributable to owners of the Company was RMB1,229 million for the year ended 31 December 2024, up by 6.96% compared with the profit attributable to owners of the Company of RMB1,149 million for the year ended 31 December 2023.

I. OPERATION SCALE

(I) Sales volume

For the year ended 31 December 2024, the Group recorded sales volume of 7.21 million tons, which was basically flat as compared with the sales volume for the year ended 31 December 2023. In 2024, as the growth momentum of the global economy was insufficient, the multilateral trading system was hindered, the tariff barriers increased, and the geopolitical tensions continued, resulting in a more complex and tough international environment. In China, issues such as sluggish domestic demand and weak expectations were intertwined, exchange rates widely fluctuated, the prices of staple food declined, and natural disasters such as floods in certain regions were frequent. In the face of various difficulties and challenges brought about by the external environment, the Group fully promoted the "Bio+" strategy and actively sought new breakthroughs. The Group continuously regarded technological innovation as the core driver, while continuously optimizing the "Bio+" product structure, thereby achieving the successful launch of multiple "Bio+" products such as the biological potash fertilizer of "Weidefeng" and the bio-organic and inorganic fertilizers of "Huanfeng". At the same time, the Group focused on enhancing the overall marketing effectiveness of the Company, taking brand marketing as its direction, accelerating the progress of digital marketing transformation, thereby significantly improving the brand awareness and customer loyalty of the "Bio+" core products, and achieving stable results with sales remaining flat year-on-year in a complex and volatile market environment.

Under the guidance of the "Bio+" strategy, the biofertilizer of the Group became an important "engine" to support the development of the Company. For the year ended 31 December 2024, the total sales volume of the Group's various differentiated products was 1.86 million tons, up by 12.12% over the corresponding period in 2023, among which, sales volume of differentiated compound fertilizers was 1.50 million tons, up by 11.45% over the corresponding period in 2023.



(II) Revenue

For the year ended 31 December 2024, the Group recorded revenue of RMB21,265 million, down by RMB463 million or 2.13% compared with the year ended 31 December 2023, mainly resulting from a decrease in average selling price.

Table 1:

	For the year ended 31 December			
	2024		2023	
	Revenue *RMB'000*	As percentage of total revenue	Revenue *RMB'000*	As percentage of total revenue
Compound fertilizers	6,747,830	32%	6,583,711	30%
Phosphate fertilizers	6,659,719	31%	5,638,764	26%
Potash fertilizers	3,939,159	19%	5,250,381	24%
Monocalcium/Dicalcium phosphate (MCP/DCP)	1,322,387	6%	1,246,150	6%
Special fertilizers	677,705	3%	581,406	3%
Others	1,918,054	9%	2,427,708	11%
Total	21,264,854	100%	21,728,120	100%

(III) Revenue and results by segment

The Group's business divisions are set up on the basis of supporting the "Bio+" strategy and are divided into three segments, namely Basic Business Segment, Growth Business Segment and Production business segment. The Basic Business Segment is mainly responsible for the domestic distribution business and the exports trading business of strategically and centralizedly procured potash fertilizers, phosphate fertilizers and sulphur, thereby playing a positive role in the stabilization of supplies and prices of agricultural inputs in the domestic market; the Growth Business Segment is primarily responsible for the integrated operation business of research, production and marketing of bio-compound fertilizers and special fertilizers, and domestic distribution business of crop protection (products) and seeds through internal synergy with Syngenta Group; the Production business segment mainly includes production and sales business of Sinochem Yunlong (agricultural MCP/DCP), Sinochem Fuling (refined phosphates, etc.) and Sinochem Changshan (synthetic ammonia and urea, etc.).

Below sets forth an analysis of the Group's revenue and profit by the abovesaid segment for the year ended 31 December 2024 and the year ended 31 December 2023:

Table 2:

	For the year ended 31 December 2024				
	Basic Business *RMB'000*	Growth Business *RMB'000*	Production Business *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue					
External revenue	10,867,780	8,019,861	2,377,213	–	21,264,854
Internal revenue	3,178,870	2,834,735	2,915,474	(8,929,079)	–
Segment revenue	14,046,650	10,854,596	5,292,687	(8,929,079)	21,264,854
Segment profit	644,843	346,823	387,441	–	1,379,107

	For the year ended 31 December 2023				
	Basic Business *RMB'000*	Growth Business *RMB'000*	Production Business *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue					
External revenue	11,333,844	7,845,131	2,549,145	–	21,728,120
Internal revenue	1,898,126	2,907,604	2,376,219	(7,181,949)	–
Segment revenue	13,231,970	10,752,735	4,925,364	(7,181,949)	21,728,120
Segment profit	678,099	239,001	506,147	–	1,423,247

Segment profit represents the profit earned by each segment without taking into account unallocated share of results of associates and joint ventures, unallocated expense/income and finance costs in relation to the unallocated bank loan and other borrowings. This is the measure reported to the Group's chief operating decision-maker for the purposes of resource allocation and segment performance assessment.

For the year ended 31 December 2024, the segment profit was RMB1,379 million, which decreased by RMB44 million as compared to that of the corresponding period last year. The Basic Business Segment continued to deepen strategic partnerships with traditional core suppliers, entered into transactions in a timely manner according to market developments to ensure the stable supply of domestic high-quality resources. At the same time, the industrial customer base was continuously strengthened and the channels for agricultural customers were proactively expanded. However, due to the two occasions of downward price fluctuations in the potash fertilizer market throughout the year, the segment achieved a profit of RMB645 million in 2024, representing a decrease of 4.9% compared to the corresponding period last year. The Growth Business Segment insisted on creating the core of high-quality growth centred on "bio+ high-end products with rapid growth", achieving the optimization and adjustment of the product structure through enhanced market analysis and refined product management, improving decision-making on production, sales and operation through the model innovation, as well as continuously enhancing operational quality and efficiency to meet diverse market demands and reduce supply-demand conflicts. The sales volume of compound fertilizers increased by 10% year-on-year, of which the sales volume of high-end differentiated compound fertilizers increased by 59% year-on-year, driving the simultaneous growth in volume and profit. In 2024, the segment achieved a profit of RMB347 million, representing a significant increase of 45.11% compared to the corresponding period last year. Under the premise of ensuring the production safety, the Production Business Segment steadily improved the capacity utilization rate of the installations and realized the stable operation and high yield of the production installations. However, due to the impact of the fluctuation and bottoming out of the domestic synthetic ammonia and urea market, the significant decrease by RMB476 per ton year-on-year in the price of synthetic ammonia and the decrease by RMB66 million in the profit, the segment profit reached RMB387 million in 2024, representing a decrease of 23% compared to the corresponding period last year.

II. PROFIT

(I) Share of results of joint ventures and associates

Share of results of joint ventures: For the year ended 31 December 2024, the Group's share of results of joint ventures was a profit of RMB187 million, which was basically flat as compared with a profit of RMB185 million for the year ended 31 December 2023. Share of results of joint ventures for the year was mainly the share of results of Yunnan Three Circles-Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem"), amounting to a profit for results of RMB187 million.

Share of results of associates: For the year ended 31 December 2024, the Group's share of results of associates was a profit of RMB36 million, representing an increase of RMB97 million as compared with a loss of RMB61 million for the year ended 31 December 2023, which was mainly attributed to the share of results of Yangmei Pingyuan in 2023 amounting to a loss of RMB91 million.

(II) Income tax

For the year ended 31 December 2024, the Group's income tax expense was RMB149 million, of which current tax was RMB170 million and deferred tax was negative RMB21 million. In 2024, current tax increased by RMB50 million as compared with the corresponding period of the previous year, mainly due to the fact that the deductible losses in previous years of Sinochem Fertilizer, has expired in 2023 and its income tax in Mainland China for the current year will be calculated at the rate of 25%. The decrease in deferred tax of RMB63 million as compared with the corresponding period of the previous year was mainly due to the expiration of the deduction period for losses not made up in prior years by Sinochem Fertilizer and Sinochem Changshan, the Company's subsidiaries, in 2023, offsetting the deferred income tax assets recognized in prior years.

The subsidiaries of the Group are mainly registered in Mainland China, Macao, Hong Kong and Singapore, respectively, where income tax rates vary. Among them, the income tax rate of Mainland China is 25%, while the income tax rate of Macao, Hong Kong and Singapore is 12%, 16.5% and 17%, respectively. The Group strictly complies with the taxation laws of the respective jurisdictions and pays taxes accordingly.

(III) Profit attributable to owners of the Company and net profit margin

For the year ended 31 December 2024, profit attributable to owners of the Company was RMB1,061 million, up by 69.49% compared with a profit of RMB626 million for the year ended 31 December 2023. If the impact of the recognition of the impairment of the closure of Yangmei Pingyuan due to the policy and its bankruptcy and liquidation was excluded, for the year ended 31 December 2024, profit attributable to owners of the Company was RMB1,229 million, up by 6.96% compared with profit attributable to owners of the Company of RMB1,149 million for the year ended 31 December 2023. In 2024, geopolitical conflicts impacted the stability of global supply chains, the depreciating RMB exchange rate increased import costs, the price of staple foods fell and stalled the demand for fertilizers, and natural disasters frequently occurred in domestic regions. In the face of a complex and challenging business environment, under the guidance of the "Bio+" strategy, the Group responded to the demand for environmental protection and diversified fertilizer markets, increased its investment in technological research and development, continued craftsmanship innovation, improved production quality and efficiency, perfected marketing strategies, and promoted steady growth in profitability through the synergy among research, production and marketing.

For the year ended 31 December 2024, the net profit margin of the Group calculated by dividing profit attributable to owners of the Company by revenue, was 4.99%, representing an increase of 2.11 percentage points over the corresponding period of last year. Excluding the impact of the closure due to the policy and bankruptcy and liquidation of Yangmei Pingyuan, for the year ended 31 December 2024, the net profit margin of the Group, calculated by dividing profit attributable to owners of the Company by revenue, was 5.78%, representing a slight increase of 0.49 percentage point over the corresponding period of last year.

III. EXPENSES

For the year ended 31 December 2024, the three categories of expenses in aggregate amounted to RMB1,422 million, representing an increase of RMB128 million or 9.89% from RMB1,294 million for the year ended 31 December 2023. Of which:

Selling and distribution expenses: For the year ended 31 December 2024, selling and distribution expenses amounted to RMB608 million, representing an increase of RMB26 million or 4.47% from RMB582 million for the year ended 31 December 2023. This was mainly attributable to in-depth focus on the implementation of the "Bio+" strategy and the enhanced promotion of "Bio+" core products by the Group, in increase by 12.12% year-on-year in the sales volume of differentiated products, resulting in a year-on-year increase in marketing expenses and labor costs, and the year-on-year increase in marketing expenses and labor costs at a rate lower than the increase in sales volume of differentiated products.

Administrative expenses: For the year ended 31 December 2024, administrative expenses amounted to RMB757 million, representing an increase of RMB115 million or 17.91% from RMB642 million for the year ended 31 December 2023. This was mainly attributable to in-depth focus on the implementation of the "Bio+" strategy by the Group, resulting in a year-on-year increase in research and development expenses. At the same time, the increased promotion of "Bio +" core products and the year-on-year increase in sales volume of differentiated products led to a year-on-year increase in labor costs.

Finance costs: For the year ended 31 December 2024, finance costs amounted to RMB57 million, representing a decrease of RMB13 million or 18.57% from RMB70 million for the year ended 31 December 2023. This was mainly attributable to the Group's efforts to strengthen the capital management, optimize financing channels and reduce financing costs against the backdrop of the loose domestic monetary policy.

IV. OTHER INCOME AND GAINS

For the year ended 31 December 2024, the Group's other income and gains amounted to RMB237 million, representing a decrease of RMB103 million from RMB340 million for the year ended 31 December 2023. Other income and gains mainly consist of interest income, income from sales of scrapped materials and raw materials, government grants, and assets disposal income, etc. The year-on-year change was mainly due to the assets disposal income. In 2024, the asset disposal income primarily came from the disposal of the related assets of nitrogen fertilizer business unit by Sinochem Fertilizer to Yitong Digital Technology Limited (益通數科科技股份有限公司), an associate, and the consideration for the disposal was RMB42 million. In 2023, the asset disposal income primarily was derived from the completion of the asset disposal of the special railway line of Qilixing Railway Public and Water Intermodal Transportation Company, a subsidiary of Sinochem Fuling, with a disposal income of RMB149 million. For details regarding the aforementioned disposal of the related assets of nitrogen fertilizer business unit, please refer to the announcements of the Company dated 30 December 2021 and 10 April 2024.

V. OTHER EXPENSES AND LOSSES

For the year ended 31 December 2024, the Group's other expenses and losses amounted to RMB357 million, representing a decrease of RMB33 million from RMB390 million for the year ended 31 December 2023. Other expenses and losses mainly consist of impairment loss of assets, bad debt losses and fair value changes of financial assets. In December 2023, Yangmei Pingyuan received a mandatory shutdown notice from the People's Government of Pingyuan County, Shandong Province, resulting in the cessation of operations of Yangmei Pingyuan. Based on prudent considerations, the Group recognised a credit loss of RMB328 million in respect of the contract providing the guarantee for the bank loan of Yangmei Pingyuan. In January 2024, in order to resettle employees in a proactive and orderly manner, Yangmei Pingyuan borrowed funds from its shareholders, and Sinochem Fertilizer provided a two-year loan of RMB168 million to Yangmei Pingyuan according to its shareholding ratio. Taking into account the insolvency of Yangmei Pingyuan and its bankruptcy and liquidation proceedings in January 2025, an impairment provision of RMB168 million was made for the amount lent to Yangmei Pingyuan in the year. For details of the above incident, please refer to the announcements of the Company dated 7 June 2023, 3 January 2024, 28 January 2024 and 20 January 2025.

VI. INVENTORIES

As at 31 December 2024, the inventories balance of the Group amounted to RMB5,225 million, down by RMB459 million or 8.08% compared with RMB5,684 million as at 31 December 2023. In order to cope with the risk of huge price fluctuations of fertilizer products, the Group reasonably controlled the risk of inventory exposure while ensuring the normal reserves during the winter storage season. Inventory turnover days decreased by 3 days to 107 days as compared with the corresponding period of the previous year.

Note: Calculated on the basis of average inventory balance as at the end of the reporting period divided by cost of sales, and multiplied by 360 days.

VII. TRADE AND BILLS RECEIVABLES

As at 31 December 2024, the Group's balance of trade and bills receivables amounted to RMB293 million, representing a decrease of RMB177 million or 37.66% from RMB470 million as at 31 December 2023, which was mainly attributable to proactively prevented credit risk and accelerated turnover days by the Group, and the turnover days of trade and bills receivables of the Group in 2024 were 6 days, representing 3 days less than the turnover days in 2023.

Note: Calculated on the basis of average trade and bills receivables balance as at the end of the reporting period divided by turnover, and multiplied by 360 days.

VIII. LOANS TO A FELLOW SUBSIDIARY

As at 31 December 2024, the Group's loans to a fellow subsidiary amounted to RMB300 million, all of which were for the provision of funds to Sinochem Agriculture Holdings Limited.

IX. GOODWILL

As at 31 December 2024, the goodwill balance of the Group increased by RMB7 million to RMB861 million from RMB854 million as at 31 December 2023, which was mainly due to foreign exchange adjustments. For the purposes of impairment testing, the goodwill has been allocated to the cash generating units ("CGUs") of the related segments as follows:

Table 3:

	At 31 December	
	2024	2023
	RMB'000	*RMB'000*
Basic business	**199,703**	195,517
Growth business	**93,977**	92,008
Production business		
– Sinochem Yunlong	**531,074**	531,074
– Others	**36,299**	35,538
	861,053	854,137

Table 4:

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

2024	**Basic business**	**Growth business**	**Production business**
Annual revenue growth rate during and beyond the forecast period	**1.8%**	**1.8%**	**1.8%**
Gross profit margin	**6.4%**	**7.7%**	**41.1%**
Pre-tax discount rates	**10.9%**	**10.9%**	**12.7%**

2023	Basic business	Growth business	Production business
Annual revenue growth rate during and beyond the forecast period	3.0%	3.0%	3.0%
Gross profit margin	6.5%	7.2%	40.4%
Pre-tax discount rates	10.7%	10.7%	12.7%

X. INTERESTS IN JOINT VENTURES AND ASSOCIATES

As at 31 December 2024, the balance of the Group's interests in joint ventures and associates amounted to RMB1,158 million, up by RMB49 million or 4.42% compared with RMB1,109 million as at 31 December 2023, mainly due to the earnings from joint ventures and associates as well as the transfer of some equity interests of Chongqing Baitao Railway Transport Logistics Co., Ltd. (重慶白濤鐵運物流有限公司) ("Baitao Railway Transport"), a subsidiary under control, by Sinochem Fuling, which made it accounted for as an associate and recognized as the interest in an associate.

In 2024, using the equity accounting method, the Group's share of investment gains of joint ventures and associates amounted to a total of RMB223 million. The Group received a total dividend of RMB197 million declared and distributed by joint ventures and associates, of which Three Circles-Sinochem declared the distribution of a dividend of RMB160 million during the current period, and Guizhou Xinxin Coal Chemical Co., Ltd. ("Guizhou Xinxin") declared the distribution of a dividend of RMB24 million during the current period. Sinochem Fuling sold the 46.67% equity interests in Baitao Railway Transport, its subsidiary, to a third party, resulting in a reduction in the Group's shareholding percentage in Baitao Railway Transport from 66.67% to 20.00%. After the completion of the transaction, the Group lost its control over Baitao Railway Transport, which was classified as an associate and recognized its interests in the associate of RMB23 million. Chongqing Fuling District Zhongwang Nongzi Co., Ltd. (重慶市涪陵區眾旺農資有限公司) (Zhongwang Nongzi), an associate of Sinochem Fuling, was liquidated and canceled, and the Group reduced its equity interest in the associate by RMB1 million.

XI. OTHER EQUITY SECURITIES

As at 31 December 2024, the Group's balance of other equity securities amounted to RMB88 million, representing a decrease of RMB76 million from RMB164 million as at 31 December 2023, which was mainly due to the passive dilution of the Group's equity interests resulting from the introduction of investment institutions and strategic investors for capital increase by Guizhou Kailin Holdings (Group) Co., Ltd. held by the Group.

XII. INTEREST-BEARING LIABILITIES

As at 31 December 2024, the Group's total interest-bearing liabilities amounted to RMB1,870 million, representing an increase of RMB41 million or 2.24% from RMB1,829 million as at 31 December 2023, which was mainly due to additional bank financing and lease liabilities during the period. For details of the interest-bearing liabilities, please refer to the section headed "XVI. LIQUIDITY AND FINANCIAL RESOURCES".

XIII. TRADE AND BILLS PAYABLES

As at 31 December 2024, the Group's balance of trade and bills payables amounted to RMB3,287 million, representing a decrease by RMB485 million or 12.86% compared with RMB3,772 million as at 31 December 2023, which was mainly due to the continuous improvement in operational efficiency and the strengthening of synergy between the procurement and sales by the Group, which resulted in a year-on-year reduction in trade payables.

XIV. OTHER PAYABLES AND PROVISION

As at 31 December 2024, the balance of the Group’s other payables and provision amounted to RMB1,119 million, representing a decrease by RMB290 million or 20.58% as compared with RMB1,409 million as at 31 December 2023. In 2023, the Group provided guarantee on pledged cash deposits for the loans of Yangmei Pingyuan, and due to the insolvency of Yangmei Pingyuan, the Group recognized an expected credit impairment loss of RMB328 million on the pledge contracts that provided guarantee for Yangmei Pingyuan. During the year, when the guaranteed loan matured, the relevant banks required the Group to perform its guarantee repayment obligations, and the Group repaid to the bank the principal and interest in respect of the loans under the guaranteed loan contract of Yangmei Pingyuan. For details of the above incident, please refer to the Company’s announcement dated 3 January 2024.

XV. OTHER FINANCIAL INDICATORS

The Group uses earnings per share and return on equity (ROE) to evaluate its profitability. Current ratio and debt-to-equity ratio are used to assess solvency. And the Group evaluates its operating capacity in terms of turnover days of trade and bills receivables and inventories (see the sections of inventories and trade and bills receivables contained in the section of “Management’s Discussion and Analysis”). Through the analysis of financial indicators such as profitability, solvency and operating capacity, the Group’s financial position and operating results can be fully summarized and evaluated, so that the performance of the management in corporate governance and the objective accomplishment of maximizing the interests of shareholders can be effectively assessed.

For the year ended 31 December 2024, the Group’s earnings per share was RMB0.1511 and return on equity (ROE) was 10.55%, representing an increase of 4.03 percentage points over the year ended 31 December 2023.

Table 5:

	For the year ended 31 December	
	2024	2023
Profitability		
Earnings per share (RMB) *(Note 1)*	**0.1511**	0.0891
Return on equity *(Note 2)*	**10.55%**	6.52%

Note 1: Calculated based on profit attributable to owners of the Company for the period divided by weighted average number of shares for the period.

Note 2: Calculated based on profit attributable to owners of the Company for the period divided by the average equity attributable to owners of the Company as at the beginning and the end of the period.

As at 31 December 2024, the Group's current ratio was 1.29, and its debt-to-equity ratio was 17.59%, representing a strengthened solvency. The Group enjoyed relatively high banking facilities and smooth financing channels, as well as diverse funding methods.

Table 6:

	As at 31 December 2024	As at 31 December 2023
Solvency		
Current ratio *(Note 1)*	**1.29**	1.33
Debt-to-equity ratio *(Note 2)*	**17.59%**	18.45%

Note 1: Calculated based on current assets divided by current liabilities as at the end of the period.

Note 2: Calculated based on total interest-bearing liabilities divided by total equity as at the end of the period.

XVI. LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal financial resources include cash from operations and proceeds from bank borrowings. All the financial resources are primarily used for the marketing, production, operation, repayment of debts at maturity and relevant capital expenditures.

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB3,104 million, which was mainly held in RMB and US dollar.

Table 7:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Bank loan and other borrowings	**1,816,546**	1,788,858
Lease liabilities	**53,670**	40,110
Total	**1,870,216**	1,828,968

Table 8:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Carrying amount of interest-bearing liabilities due		
Within one year	**899,238**	612,527
More than one year	**970,978**	1,216,441
Total	**1,870,216**	1,828,968

Table 9:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Fixed-rate loans	**672,165**	483,068
Floating-rate loans	**1,198,051**	1,345,900
Total	**1,870,216**	1,828,968

As at 31 December 2024, the Group had banking facilities equivalent to RMB18,646 million, including US$773 million and RMB13,088 million. The unutilized banking facilities amounted to RMB15,316 million, including US$696 million and RMB10,312 million, respectively.

The Group planned to repay the above loans with its internal resources.

XVII. OPERATIONAL AND FINANCIAL RISKS

The Group's major operational risks include the followings: internationally speaking, geopolitical conflicts impacted the international trade of fertilizers and global supply chains. The slow recovery of the global economy and the falling agricultural product prices stalled the demand for global fertilisers. Domestically speaking, stricter environmental policies, fluctuations in raw material prices, intensified market competition, and fluctuations in exchange rate which affected import costs, along with policies aimed at reduction in the quantity and increase in the efficiency of fertilizers and pesticides further increased the operational pressure. The Group took proactive measures to swiftly respond to significant changes in both domestic and international environments. On one hand, the Basic Business strengthened the strategic and centralized procurement, optimised the supply chain management, deepened industrial channels, expanded agricultural channels, and solidified the foundation of the Company's operational performance. On the other hand, the Growth Business enhanced the synergy among research, production and marketing, focused on niche markets, carried out the scenario-based marketing, optimised the customer experiences, increased its customer loyalty, and fully strived to explore new growth drivers for the operating results of the Company, thereby injecting new momentum into the sustainable development of the Group.

In addition, environmental and social risks, cyber risk and security, and risks associated with data fraud or theft are also the operational risks of the Group.

Environmental and social risks

With the increasingly stringent requirements on environmental protection management and gradually intensive efforts in pollution control from the government, enterprises have been required to attach great importance to ecological civilization and environmental protection. The subsidiaries of the Group engaged in resource exploitation and fertilizer production strictly comply with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China as well as the Water Pollution Prevention and Control Law of the People's Republic of China. Through stringent investigation and management on sources of corporate environmental risks, the subsidiaries of the Group implement measures to prevent and control pollution of air, surface water, underground water and soil. In addition, they formulate emergency plans for sudden environmental pollution incidents, equip themselves with necessary emergency disposal materials, seriously perform emergency response exercises, and promptly launch emergency plans to limit production during heavily polluted weather. In 2024, no major environmental pollution incidents occurred in the Company.

Cyber risk and security

With the continuous improvement in information technology of enterprises, the network environment has become increasingly complicated, and the number of information systems has been multiplied. Therefore, the possibility of internet failure and system breakdown also increases rapidly. The Group vigorously develops innovative business to enhance its market influence, and meanwhile, the risk from cyber attacks on the information system also increases.

The Group continuously optimizes the information system to enhance the capability of cyber security protection and emergency response. Besides, the Group regularly conducts cyber security inspections and other related works, and accomplishes security protection of the application system as well as the network inside and outside the office according to the protection requirements at different levels, so as to minimize cyber risk and avoid cyber security incidents.

Risks associated with data fraud or theft

In order to keep state secrets and protect trade secrets, the Group has established a relatively complete confidentiality management system, including the Administrative Measures on Confidentiality and Catalog of Trade Secrets.

The Group takes various promotional and educational measures annually to enhance the employees' awareness of information confidentiality and to urge the employees to be alert. The Group selects certain subsidiaries and assesses their information confidentiality work every year. Through interviews with subsidiaries' employees having duty of confidentiality, examination on relevant systems and record documents, reviews on previous confidential documents and on-site observation, the Group conducts investigation on the arrangement of institutions and personnel, establishment of information confidentiality system, secret classification management and information system management, and requires the units under investigation to submit rectification reports within a time limit.

The Group's major financial risks include market risk, credit risk and liquidity risk.

Market risk

Market risk includes currency risk, interest rate risk and other price risk. Currency risk represents the risk of change in exchange rates that may have an impact on the Group's financial results and cash flows. Interest rate risk represents the risk of change in the fair value of interest rates of the Group's fixed-rate borrowings and other deposits. Other price risk represents the risk related to the price of the Group's equity investments, which is mainly derived from investments in equity securities.

The majority of the Group's assets, borrowings and transactions are denominated in RMB, US dollar and HK dollar. Due to the presence of a certain scale of import and export business of the Group, exchange rate fluctuations have an impact on the import costs and export prices. The management of the Group has always taken prudent measures like foreign exchange forward to hedge exchange rate risk, and continued to monitor and control the above-mentioned risks so as to mitigate the potential adverse impact on the Group's financial performance.

Credit risk

The maximum credit risk of the Group is that the counterparties may fail to carry out their obligations with regard to the book value of all types of financial assets recognized and recorded in the consolidated statement of financial position as at 31 December 2024. If there is a lack of credit risk management, bad debt losses of the Company, as a result of unrecoverable accounts receivable and unavailable inventory after advance payment for procurement, may affect its normal operation.

The Group has adequate management procedures, response mechanisms and supervision measures in respect of granting credit line and credit period, collection of overdue accounts and other related aspects.

Through credit evaluation, transaction management, process monitoring and disposal of overdue accounts for credit customers, the Group develops risk management strategies and measures to prevent and control the risk, allocates more credit resources to strategic and high-quality core customers/suppliers, and transfers bad debt risks by proper utilization of various risk protection measures, so as to ensure the follow-up and protection on the credit business. Meanwhile, the Group examines the recovery of its major trade receivables on the settlement date every month to ensure adequate provisions are made on bad debts which are unrecoverable.

Liquidity risk

Liquidity risk may lead to inadequate capital for the Group to meet the demand of daily operations in a timely manner and repayment of debts at maturity. In this regard, the management of the Group takes the following measures:

Regarding the management of liquidity risk, the Group strengthens position management of daily working capital, forecasts and strictly executes the fund plan to monitor and keep enough cash and cash equivalents. The Group increases the scale of advance receipts during the sales season to maintain a better operating cash flow, reasonably allocates long-term and short-term capital requirements and optimizes the capital structure to meet the Company's working capital and repayment of maturing debts.

XVIII. CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no contingent liabilities.

XIX. CAPITAL COMMITMENT

Table 10:

	As at 31 December 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Contracted but not provided for		
– Purchase of property, plant and equipment	**36,127**	59,075

The Group plans to finance the above capital expenditure by internal and external resources, and has no plan for other material investments or capital expenditures.

XX. HUMAN RESOURCES

The key components of the Group's remuneration package include basic salary, and where applicable, other allowances, annual performance bonus and other rewards, mandatory provident funds and state-managed retirement benefits scheme. Through reasonable design on remuneration structure and mechanism on performance evaluation, the Group aims to associate the interests of key employees with the performance of the Group and the interests of shareholders, as well as to achieve a balance of short-term and long-term benefits. Meanwhile, the Group also aims at maintaining the competitiveness of the overall compensation. The level of cash compensation to employees offered by the Group varies with the importance of duties and results on performance evaluation. The higher the importance of duties, the higher the ratio of incentive bonus and rewards to total remuneration. This can help the Group to recruit, retain and motivate high-calibre employees required for the development of the Group and to avoid offering excess reward.

As at 31 December 2024, the Group had about 4,371 full-time employees (including those employed by the Group's subsidiaries), and their remuneration is determined with reference to market rates. No individual employee shall have the right to determine his/her own remuneration. Details of the remuneration policies of the Group are set out in the Corporate Governance Report on page 63 of this annual report.

DIRECTORS OF THE COMPANY

Mr. SU Fu – Non-executive Director, the Chairman of the Board and the Chairman of Strategy Committee

Mr. SU Fu, aged 50, was appointed as a Non-executive Director and the Chairman of the Board, and the Chairman of the Strategy Committee of the Company in January 2024. Mr. Su graduated from the Department of Economics of Beijing Wuzi University majoring in international trade with a bachelor's degree in economics in July 1995. From July 1995 to March 2000, Mr. Su worked at Beijing Chemical Industry and Light Industry Company and Huaxing Import & Export Trading Co., Ltd. Mr. Su joined Sinochem International Corporation ("Sinochem International", formerly known as Sinochem International Company Limited, a company listed on the Shanghai Stock Exchange under stock code 600500) in March 2000, and held various positions including the assistant general manager and the deputy general manager of Sinochem International. From January 2013 to November 2022, Mr. Su served as the chief executive officer of Sennics Co., Ltd. (formerly known as Jiangsu Sinorgchem Technology Co., Ltd.), a subsidiary of Sinochem International. Mr. Su was the director of the strategy implementation department and the production and operation department of Sinochem Holdings in November 2022 and September 2023, respectively. Mr. Su has been serving as the president of Syngenta Group China since December 2023. Mr. Su has many years of experience in leading the development of enterprises, with a deep understanding of the rules on international business operations. He is also familiar with the chemical industry chain and the competitive landscape of the industry, has the ability to make good strategic judgments, decisions and business operations, and possesses strong capabilities in investment, merger and acquisition, as well as industry integration.

Other than the abovementioned positions in the Company, Mr. Su is also the director and chairman of the board of directors of Jiangsu Yangnong Chemical Co., Ltd. (a company listed on the Shanghai Stock Exchange under stock code 600486), and the executive director of Syngenta Group Modern Agricultural Technology Co., Ltd., the companies of which are the indirect controlled subsidiaries of Sinochem Holdings.

Mr. WANG Tielin – Executive Director, Chief Executive Officer and the Chairman of Corporate Governance Committee

Mr. WANG Tielin, aged 57, was appointed as an Executive Director, Chief Executive Officer, the Chairman of the Corporate Governance Committee and a member of the Strategy Committee of the Company in June 2024. Mr. Wang graduated from Tsinghua University in August 1990 with a bachelor's degree in mechanical design and manufacturing, and he obtained a master's degree in mechanical engineering from Tsinghua University in July 1994. Mr. Wang was a teacher at Tsinghua University, and worked at China National Industrial Machinery Import and Export Corporation and CMC International Tendering Corporation. After joining Sinochem Group Co., Ltd. in November 2002, Mr. Wang served as assistant general manager of China Foreign Economy and Trade Trust Co., Ltd., deputy general manager of Norian Fund Management Co., Ltd., chairman of the board of directors and general manager of Sinochem International Tendering Co., Ltd., deputy secretary of the party committee and vice president of the agriculture business division of Sinochem Group Co., Ltd., deputy secretary of the party committee and chief communication officer of Syngenta Group China, during which time, Mr. Wang served as the deputy general manager of the Company from May 2006 to August 2012. Mr. Wang has been serving as the vice president of Syngenta Group China since May 2024. Mr. Wang has years of experience in leading corporate development, with good strategic insight, international cooperation, organisational development and resource integration capabilities, with nearing three decades of combined experience in machinery import and export, finance and agriculture. During his tenure as a deputy general manager of the Company from 2006 to 2012, Mr. Wang gained an in-depth understanding of the Group's corporate strategy and market positioning, successfully expanded its diversified marketing network, and led the team's building and development, which contributed significantly to the Company's performance growth and enhancement of its brand influence.

Other than the abovementioned positions in the Company, Mr. Wang is also the executive director and general manager of Sinochem Agricultural Ecological (Hainan) Co., Ltd., an indirect wholly-owned subsidiary of the Company, and is also serving as the executive director and general manager of Sinochem Southern (Guangzhou) Modern Agriculture Co., Ltd., the chairman of the board of directors and general manager of Sinochem Life Sciences (Guangzhou) Co., Ltd., and the director and general manager of Sinochem (United Kingdom) Limited, the companies of which are the indirect controlled subsidiaries of Sinochem Holdings.

Ms. CHEN Shengnan – Executive Director and Deputy General Manager

Ms. CHEN Shengnan, aged 46, was appointed as an Executive Director and a member of the Corporate Governance Committee and the Strategy Committee of the Company in June 2024. Ms. Chen is also the Deputy General Manager of the Company. Ms. Chen graduated from Nankai University with a bachelor's degree in chemistry in July 2000 and she obtained a master's degree in polymer physics and chemistry from Nankai University in July 2003. Ms. Chen joined Sinochem Fertilizer in July 2003 and she has served as the assistant general manager, deputy general manager, executive deputy general manager and general manager of the potash fertilizer department. Ms. Chen was appointed as the assistant general manager of the Company in January 2017, and was promoted to the position of deputy general manager of the Company in May 2020. She is currently serving in various subsidiaries of the Company, including the deputy general manager of Sinochem (Hainan) Agricultural Ecology Limited Company, the chairman of the board of directors and general manager of Sinochem Fertilizer Macao Limited, a director of China Fertilizer (Holdings) Company Limited, a director of Sinochem Fertilizer (Overseas) Holdings Ltd. and a director of Calorie Limited. Ms. Chen has been involved in the fertilizer industry for over two decades, with in-depth understanding of the demand and supply landscape and development trend of domestic and overseas fertilizer industry, and has extensive experience in international resource acquisition, marketing management and team management.

Other than the abovementioned positions in the Company, Ms. Chen currently serves as the general manager of the fertilizer import department of Sinochem Group Co., Ltd., which is owned by the ultimate controlling shareholder of the Company, the chairman of the board of directors of Yitong Digital Technology Co., Ltd., an indirect subsidiary of Sinochem Holdings and an associate of the Company, and a director of Qinghai Salt Lake Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange under stock code 000792).

Ms. WANG Ling – Executive Director and Chief Financial Officer

Ms. WANG Ling, aged 50, was appointed as an Executive Director and a member of the Corporate Governance Committee of the Company in March 2023, and was appointed as a member of the Strategy Committee of the Company in January 2024. Ms. Wang is also the Chief Financial Officer of the Company. Ms. Wang graduated from Renmin University of China and obtained a bachelor's degree in international accounting in August 1997, and received a master's degree in accounting from Renmin University of China in July 2001. Ms. Wang joined China Foreign Economy and Trade Trust Co., Ltd., a subsidiary of Sinochem Group Co., Ltd., in July 2001, and served as a staff member of its finance department, investment banking department and trust business department. From November 2003 to August 2021, Ms. Wang held various positions such as the division head of the tax accounting division of the accounting management department, an assistant general manager of the accounting management department, and the general manager of the taxation and property rights division of the finance department of Sinochem Group Co., Ltd.. From August 2021 to January 2023, Ms. Wang served as the general manager of the taxation management division of the finance department of Sinochem Holdings. Ms Wang serves as the Chief Financial Officer of the Company since February 2023 and is currently a director of various subsidiaries of the Company. Ms. Wang has been involved in the financial sector for over two decades, with extensive experience in finance, financial affairs, taxation and property rights management.

Other than the abovementioned positions in the Company, Ms. Wang currently also serves as the vice chairman of the supervisory board of Qinghai Salt Lake Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange under stock code 000792), and the director of Yitong Digital Technology Co. Ltd., an indirect subsidiary of Sinochem Holdings and an associate of the Company.

Mr. KO Ming Tung, Edward – Independent Non-executive Director and the Chairman of Nomination Committee

Mr. KO Ming Tung, Edward, aged 64, was appointed as an Independent Non-executive Director of the Company in April 2000. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ko obtained an external bachelor of Laws degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practising as a solicitor in Hong Kong for more than 33 years.

Other than the directorship in the Company, currently Mr. Ko is also an independent non-executive director of EverChina Int'l Holdings Company Limited, Chia Tai Enterprises International Limited and China Vered Financial Holding Corporation Limited, whose shares are listed on the Main Board of the Stock Exchange in Hong Kong.

Mr. LU Xin – Independent Non-executive Director and the Chairman of Remuneration Committee

Mr. LU Xin, aged 61, was appointed as an Independent Non-executive Director of the Company in February 2015. He is also the Chairman of the Remuneration Committee, and a member of the Audit Committee, the Nomination Committee and the Strategy Committee of the Company. Mr. Lu graduated from Dongbei University of Finance and Economics in China in 1987 with a bachelor's degree in Economics, and has been awarded a master of business administration by the University of South Australia in 2006. Mr. Lu worked for the Ministry of Finance of the People's Republic of China from 1987 to 1992, and China Trust and Investment Corporation for Economic Development from 1992 to 1995. Since 1995, Mr. Lu has successively served as the assistant general manager, deputy general manager and managing director of Golden Sino (Holdings) Limited. From 2001 to 2004, Mr. Lu was the executive director and deputy chairman of the Board and the managing director of the Company (formerly known as Wah Tak Fung Holdings Limited). From 2008 to 2010, Mr. Lu was an independent non-executive director of Sino Resources Group Limited, whose shares are listed on the Main Board of the Stock Exchange in Hong Kong. Mr. Lu has over 31 years of experience in finance, investment and corporate management with extensive knowledge about economic activities of Hong Kong and Mainland China.

Other than the directorship in the Company, currently Mr. Lu is also an investment consultant of Wai Chun Group Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange in Hong Kong, and the chairman of the board of directors of World International Consulting Limited.

Mr. SUN Po Yuen, *JP* – Independent Non-executive Director and the Chairman of Audit Committee

Mr. SUN Po Yuen, *JP*, aged 64, was appointed as an Independent Non-executive Director of the Company in June 2024. He is also the Chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee of the Company. Mr. Sun graduated from the Hong Kong Polytechnic University (formerly known as The Hong Kong Polytechnic) in 1984 with a Professional Diploma in Accountancy. Upon graduation, Mr. Sun joined PricewaterhouseCoopers, and served as a partner and held various leadership positions at PricewaterhouseCoopers in Hong Kong from 1996 to 2021. From 2017 to 2021, he concurrently served as lead director of both governance boards of PricewaterhouseCoopers China and PricewaterhouseCoopers Asia Pacific and was a member of the global board of PricewaterhouseCoopers. Mr. Sun retired in July 2021. In terms of public service, Mr. Sun has served as a director of the Hong Kong Science and Technology Parks Corporation, the Hong Kong Applied Science and Technology Research Institute Company Limited, and the Estate Agents Authority. Mr. Sun served as a member of the Listing Committee of The Stock Exchange of Hong Kong Limited from 2009 to 2014 and has been a governance committee member of the Hong Kong Polytechnic University Foundation since 2014. He is a Justice of the Peace of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. With nearly four decades of experience in accounting, Mr. Sun has extensive experience working in accounting firms and auditing services for multinational corporations. He is familiar with business logic and regulatory requirements for listed companies, and has a deep understanding of the Hong Kong capital market and the sustainable development of listed companies.

Other than the directorship in the Company, currently Mr. Sun is also an independent non-executive director of Jolimark Holdings Limited, a company listed on the main board of the Stock Exchange in Hong Kong. In addition, Mr. Sun is a senior advisor to Chartwell Capital Ltd., and also an independent non-executive director of Bank of Shanghai (Hong Kong) Limited (a subsidiary of Bank of Shanghai Co., Ltd., a company listed on the Shanghai Stock Exchange under stock code 601229). Mr. Sun previously served as the non-executive director of FWD Group Holdings Limited and FWD Management Holdings Limited since October 2022, and was re-designated as an independent non-executive director of the above companies in October 2023 until he retired from both directorships in February 2025.

SENIOR MANAGEMENT OF THE COMPANY

Ms. WANG Fang – Deputy General Manager

Ms. WANG Fang, aged 52, is the Deputy General Manager of the Company. Ms. Wang graduated from Guizhou University of Finance and Economics with a bachelor's degree in trade and economics in July 1994 and obtained a master's degree in business administration from Guizhou University in July 2005. Ms. Wang began her career in July 1994 and previously served as a staff member of the sales and transportation department, manager of the marketing department, assistant general manager and head of general office, and deputy general manager of the sales company of Wengfu (Group) Limited Liability Co,. Ms. Wang joined Sinochem Fertilizer in March 2012 and successively held positions such as deputy general manager of phosphate compound fertilizer department, deputy general manager (presiding over the work) of phosphate fertilizer department and general manager of phosphate fertilizer department. She served as the assistant general manager of the Company, deputy general manager of the basic fertilizer division, and general manager of the phosphate fertilizer department from January 2017 to May 2020. Ms. Wang was promoted to her present position in May 2020, and has concurrently served as general manager of Phoschem division and a director of various subsidiaries of the Company.

Mr. SHI Guangzhu – Deputy General Manager

Mr. Shi Guangzhu, aged 42, is the Deputy General Manager and QHSE Director of the Company. Mr. Shi graduated from Hebei University of Economics and Business with a bachelor's degree in accounting in July 2005 and obtained a master's degree in business administration from Hong Kong Finance & Economics College in September 2011. Mr. Shi began his career in July 2005, and previously served as deputy manager of the finance department (acting in charge) at Sinochem Hebei Co., Ltd., deputy general manager and general manager of Sinochem Hebei Xinbao Chemical Technology Co., Ltd., deputy general manager and HSE Director of Sinochem Hebei Corp., HSE Director of high-performance materials division of Sinochem International Corporation, and HSE and industrial management director of Syngenta Group China. Mr. Shi assumed the role of QHSE Director of the Company in May 2024 and was appointed as the Deputy General Manager of the Company in June 2024, and has concurrently served as general manager of the HSE & industrial management department of the Company and the chairman of the board of directors of Sinochem Jilin Changshan Chemical Co., Ltd., an indirect controlled subsidiary of the Company.

CORPORATE GOVERNANCE REPORT

Recognizing the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, Sinofert Holdings Limited and its Board are committed to maintaining a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practices on corporate governance and compliance with the applicable corporate governance standards contained in relevant codes as set out in the Listing Rules of the Stock Exchange.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code contained in Appendix C1 to the Listing Rules in effect for the year ended 31 December 2024 includes the mandatory requirements for disclosure in the corporate governance report for listed companies, and sets out the principles of good corporate governance, the code provisions on a "comply or explain" basis and certain recommended best practices. For the year ended 31 December 2024, the Company has complied with the applicable code provisions set out in the Corporate Governance Code, except for the deviations from the code provisions C.5.7 and F.2.2 as described below.

The code provision C.5.7 stipulates that, if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. During the year, the Board approved a connected transaction and certain continuing connected transactions by circulation of written resolutions in lieu of physical board meetings, for which a substantial shareholder or a director of the Company was regarded as having material interests therein. As the then Directors of the Company were living and working apart, and have different business travelling plans, adoption of written resolutions in lieu of physical board meetings allowed the Board to make a decision relatively quicker in response to the rapid change in the fertilizer markets. Before formal execution of the written resolutions, the Directors (including the Independent Non-executive Directors) had discussed the matters via emails, if any, and made amendments to the terms of the transactions as appropriate.

The code provision F.2.2 provides that, among others, the chairman of the board should attend the annual general meeting of the listed issuer. In the annual general meeting of the Company held on 7 June 2024 (the "2024 AGM"), Mr. Su Fu, the Chairman of the Board, did not chair the meeting due to other essential business engagements. In order to ensure smooth holding of the 2024 AGM, Mr. Su authorized and the Directors attending the meeting elected Mr. Ko Ming Tung, Edward, the Independent Non-executive Director of the Company, to chair the meeting. Respective chairmen or representatives of the audit, remuneration, nomination and corporate governance committee of the Company were present at the 2024 AGM and were available to answer relevant questions, which was in compliance with other part of code provision F.2.2.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiries with all Directors, and the Directors have confirmed that they had complied with the required standards set out in the Model Code for the year under review.

The Company has also adopted written guidelines on no less exacting terms than the Model Code for relevant employees. During the year, no incident of non-compliance of the employees' written guidelines by the relevant employees was noted by the Company.

CORPORATE MISSION AND CULTURE

The Group's mission is, with its base in China, to allocate high-quality resources from the global market to serve China's food security and agricultural production. Based on a global perspective, the Group develops resources, production, technology, marketing and services; uses science and technology to serve the society, leads industry standards and promotes the development of the industry; focuses on the development of upstream and downstream related industries with crop nutrition products as the core and serves farmers as its purpose; and becomes an industry promoter of agrochemical services for farmers. The Group also strives to become the "leader in bio-fertilizer and soil health innovation". The Group constantly aspires to pursue resource and environmental friendliness, meets the new demands of the agricultural industry, practices green and sustainable development as well as continues the promotion of stable and rapid corporate growth to deliver value and returns to the shareholders, and to contribute to the modernized development of the agricultural industry.

BOARD OF DIRECTORS

The Board of Directors of the Company directs, monitors and supervises the management, business, strategic planning and financial performance of the Company and its subsidiaries, and the Board considers that enhancing value for shareholders is a duty of the Directors.

Board composition

As at 31 December 2024, the Board consisted of seven members, including three Executive Directors, namely Mr. WANG Tielin, Ms. CHEN Shengnan and Ms. WANG Ling, one Non-executive Director, Mr. SU Fu, and three Independent Non-executive Directors, namely Mr. KO Ming Tung, Edward, Mr. LU Xin and Mr. SUN Po Yuen.

During the year, the following changes occurred in the composition of the Board:

1. On 24 January 2024, Mr. Liu Hongsheng tendered his resignation as a Non-executive Director and the Chairman of the Board of the Company due to adjustment of work arrangements. On the same date, Mr. Su Fu was appointed as a Non-executive Director and the Chairman of the Board of the Company.

2. On 7 June 2024, Mr. Tse Hau Yin, Aloysius retired as an Independent Non-executive Director of the Company at the conclusion of 2024 AGM. On the same date, Mr. Sun Po Yuen was appointed as an Independent Non-executive Director of the Company.

3. On 11 June 2024, Mr. Wang Jun resigned as an Executive Director of the Company. On the same date, Mr. Wang Tielin and Ms. Chen Shengnan were appointed as the Executive Directors of the Company.

The biographical details of the current Directors are set out on pages 47 to 50 of this annual report.

Executive Directors

All of the Executive Directors possess the qualification and experiences in their respective areas of responsibility, have extensive experience in corporate management and operations, and have good knowledge on the operations and structure of the Group. Under the leadership of the Chairman of the Board, the Executive Directors are able to maintain the effective management of the Group's business.

Non-executive Director

The Non-executive Director of the Company has strong professional background and is experienced in corporate management and leading the development of enterprise, who provide professional opinion and analysis to the Board effectively.

Independent Non-executive Directors

All of the three Independent Non-executive Directors are experienced professionals with different expertise in accounting, finance and legal aspects. Their mix of skills and experience, and their independent view on matters of the Group provide constructive comments and suggestions to the Board and safeguard the interests of the shareholders in general and the Company as a whole. The Company has a mechanism in place to ensure that comments and suggestions received from the Independent Non-executive Directors will be summarized and passed to the management team for follow up. Any replies on the matters will either be emailed to the Board or submitted to the Board in the subsequent meetings. The Board reviewed the mechanism and was satisfied with its implementation and effectiveness during the year.

Appointment, re-election and removal of Directors

The current term of office for the Executive Directors and the Non-executive Directors (including the Independent Non-executive Directors) of the Company is fixed for three years. Pursuant to the Bye-laws of the Company, every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years, and shall be subject to re-election by shareholders at next following annual general meeting.

A person may be appointed as a member of the Board at any time either by the shareholders in a general meeting or by the Board upon recommendation by the Nomination Committee of the Company. Any Director appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Independence of the Board

The Company has a strong element of independence on the Board, providing independent and objective oversight on strategic issues and performance matters. The Audit Committee, Remuneration Committee and Nomination Committee are each chaired by an Independent Non-executive Director.

The Board has noticed that Mr. Ko Ming Tung, Edward and Mr. Lu Xin, both Independent Non-executive Director of the Company, have served the Board for more than nine years. Pursuant to code provision B.2.3 set out in the Corporate Governance Code in effect for the year ended 31 December 2024, inter alia, if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected. In this regard, the re-appointment of each of Mr. Ko and Mr. Lu as Independent Non-executive Director of the Company were approved by shareholders in separate resolution at the annual general meeting of the Company held on 19 June 2023 and 7 June 2024, respectively. While serving more than nine years could be relevant to the determination of independence, it is well recognized that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence of Independent Non-executive Directors, the Board and the Nomination Committee will consider individual directors' character and judgement as demonstrated by their commitment and contribution to the Board during their years of service and other relevant factors. The Board is of the view that Mr. Ko and Mr. Lu, despite their length of service, have always expressed their views independently, objectively and impartially, constructively challenging the views of the other directors and testing the arguments whenever necessary. Their length of service also means they have in depth knowledge of the Company and the challenges that it faces which assisted greatly with the determination of long term goals and strategies. The Board is satisfied that Mr. Ko and Mr. Lu remain independent despite their years of service and that they will continue to effectively contribute as board members.

in order to attain more independent view for the Board and to comply with B.2.4 of the code provision, the Company appointed Mr. Sun Po Yuen as a new Independent Non-executive Director of the Company to fill the casual vacancy created upon the retirement of the then Independent Non-executive Director, Mr, Tse Hau Yin Aloysius, on 7 June 2024.

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of their respective independence pursuant to Rule 3.13 of the Listing Rules. Based on the above, the Board is of the view that each of the Independent Non-executive Directors meets the independence guidelines as set out in Rule 3.13 of the Listing Rules and that they are able to continue to fulfill their roles as required.

In addition to the above, in order to further ensure independence of the Board, the following Directors of the Company who hold senior positions in Syngenta Group, the indirect controlling shareholders of the Company, had abstained from voting in the board resolutions in the respect of the transactions of the Group with Syngenta Group and its subsidiaries, if any, during the year ended 31 December 2024;

- Mr. Liu Hongsheng – from 6 January 2023 up to 24 January 2024
- Mr. Su Fu – from 24 January 2024 up to the date of this report
- Mr. Wang Tielin – from 11 June 2024 up to the date of this report

Save as described above, there is no other relationship among the members of the Board and, in particular, between the Chairman and the Chief Executive Officer.

Division of the responsibilities between the Board of Directors and the management

The Board is responsible for reviewing and approving the Company's strategy management, financial management, investment management, asset disposal and other matters, implementing the resolutions passed in the general meetings and supervising the management team; and the management team, under the leadership of the Chief Executive Officer or the management representative authorized by the Board in the transition period, is responsible for formulating the strategic plan and operation goals of the Company, compiling and executing the annual budget and setting out annual investment policies, etc.

Responsibilities of Chairman and Chief Executive Officer

The Board has authorized the management team to handle daily operational matters under the instruction and supervision of the Chief Executive Officer. During the year ended 31 December 2024, Mr. Liu Hongsheng and Mr. Su Fu, as the Chairman of the Board during their respective term of office, took the responsibility to lead and ensure the effective management of the Board; while Mr. Wang Tielin, appointed as the Chief Executive Officer on 11 June 2024, and Ms. Chen Shengnan, the management representative authorized by the Board prior to the appointment of Mr. Wang Tielin as the Chief Executive Officer, took the responsibility for the effective implementation of the policies formulated by the Board and the management of the businesses and operations of the Group.

During the year, Mr. Su Fu met once with all Independent Non-executive Directors of the Company without Executive Directors' present. During the meeting, the Independent Non-executive Directors communicated their comments on the overall business development, digital transformation and financial related matters of the Group. They also discussed about the current shareholding structure and the performance of the management team of the Company. The Chairman accepted all these constructive comments and instructed management team to follow up, if appropriate.

Major duties of the Board

The Board is primarily responsible for the following matters:

1. to formulate the purpose, values and strategy of the Company and to align the Company's culture with such purpose, values and strategy;

2. to review the financial performance and results of the Group;

3. to review the dividend policy of the Company;

4. to approve and monitor material acquisitions, investment, asset transactions and any other significant expenditures of the Group; and

5. to supervise internal risk management policy of the Group.

The Board is also responsible for overseeing the preparation of the annual consolidated financial statements which ensures a true and fair view of the state of affairs and of the results and cash flows of the Group for the year. In preparing the consolidated financial statements for the year ended 31 December 2024, the Board have:

1. approved the adoption of the applicable Hong Kong Financial Reporting Standards;

2. selected suitable accounting policies and applied them consistently throughout the year covered by the consolidated financial statements;

3. made judgements and estimates that are prudent and reasonable, and ensured the consolidated financial statements are prepared on a going concern basis; and

4. ensured that the consolidated financial statements are prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the Listing Rules and the applicable accounting standards.

The Board recognizes that high quality corporate reporting is important in enhancing the relationship between the Company and its stakeholders. The Board aims at presenting a balanced, clear and comprehensive vision of the performance, position and prospects of the Group in all corporate communications.

Continuous professional development

The Company considers continuous professional development is important for Directors in maintaining up-to-date knowledge on the business operations of the Company as well as the regulations in the capital market. In this regard, the Company is committed to provide professional trainings to Directors and provide regular updates on new issues and/or changes in the regulatory environments, including changes in Listing Rules, Corporate Governance Code and related regulatory requirements, if any.

During the year, in respect of the appointments of Mr. Su Fu as Non-executive Director of the Company, Mr. Wang Tielin and Ms. Chen Shengnan as Executive Directors of the Company, and Mr. Sun Po Yuen as Independent Non-executive Director of the Company, the Company arranged legal advices to each of these newly appointed directors on 24 January 2024, 7 June 2024, 7 June 2024 and 5 June 2024 respectively, regarding the requirements under the Listing Rules that are applicable to them as a director of the Company, including directors' responsibilities and obligations, and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Each of these newly appointed directors had confirmed that he/she understands his/her obligations as a director of the Company.

In addition, during the year ended 31 December 2024, the Company arranged seminars, which were conducted by professionals and finance expert, on continuous obligations of directors, regulatory updates, ESG regulatory trends and disclosure requirements, and domestic and global finance updates. All the then Directors have attended the seminars. Furthermore, the Directors confirmed that they participated in continuous professional development to develop and refresh their knowledge and skills, which ensure that their contributions to the Board remain informed and relevant. The Company also provided regular updates to all Directors in respect of the business and operations of the Group through monthly reports, and provided newsletters on changes in regulatory requirements through emails.

The Directors informed the Company that they had received the following training and continuous professional development during the year:

	Type of training	
	Reading regulatory updates	**Attend forums / seminars / briefings**
Executive Directors		
Mr. Wang Tielin *(Chief Executive Officer)* *(note 1)*	✓	✓
Ms. Chen Shengnan *(note 1)*	✓	✓
Ms. Wang Ling	✓	✓
Mr. Wang Jun *(note 1)*	✓	✓
Non-executive Directors		
Mr. Su Fu *(Chairman)* *(note 2)*	✓	✓
Mr. Liu Hongsheng *(Former Chairman)* *(note 2)*	✓	✓
Independent Non-executive Directors		
Mr. Ko Ming Tung, Edward	✓	✓
Mr. Lu Xin	✓	✓
Mr. Sun Po Yuen *(note 3)*	✓	✓
Mr. Tse Hau Yin, Aloysius *(note 3)*	✓	✓

Notes:

1. Mr. Wang Tielin and Ms. Chen Shengnan was appointed as the Directors of the Company on 11 June 2024, while Mr. Wang Jun resigned as a Director of the Company on the same date.

2. Mr. Su Fu was appointed as a Director of the Company on 24 January 2024, while Mr. Liu Hongsheng resigned as a Director of the Company on the same date.

3. Mr. Tse Hau Yin, Aloysius retired from office as Director of the Company on 7 June 2024, while Mr. Sun Po Yuen was appointed as a Director of the Company on the same date.

Board meetings

For the year ended 31 December 2024, the Board held four meetings to discuss and approve the Group's strategies and planning, operational budgets, the Company's annual report, interim report, dividend proposals, certain connected transactions and continuing connected transactions, and other significant matters. The Board had also approved certain proposals in respect of amendments to Bye-laws, changes in directorships, continuing connected transactions, disclosable transactions and other matters, by circulation of written resolutions during the year. The attendance rates of the members of the Board at the aforesaid Board meetings during the year ended 31 December 2024 are as follows:

	Attendance rate
Executive Directors	
Mr. Wang Tielin *(Chief Executive Officer)* *(note 1)*	3/3
Ms. Chen Shengnan *(note 1)*	3/3
Ms. Wang Ling	4/4
Mr. Wang Jun *(note 1)*	1/1
Non-executive Directors	
Mr. Su Fu *(Chairman)* *(note 2)*	4/4
Mr. Liu Hongsheng *(Former Chairman)* *(note 2)*	0/0
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward	4/4
Mr. Lu Xin	4/4
Mr. Sun Po Yuen *(note 3)*	3/3
Mr. Tse Hau Yin, Aloysius *(note 3)*	1/1

Notes:

1. Mr. Wang Tielin and Ms. Chen Shengnan was appointed as the Directors of the Company on 11 June 2024, while Mr. Wang Jun resigned as a Director of the Company on the same date.

2. Mr. Su Fu was appointed as a Director of the Company on 24 January 2024, while Mr. Liu Hongsheng resigned as a Director of the Company on the same date. No meeting of the Board was held prior to Mr. Liu's date of resignation.

3. Mr. Tse Hau Yin, Aloysius retired from office as Director of the Company on 7 June 2024, while Mr. Sun Po Yuen was appointed as a Director of the Company on the same date.

COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee

The Audit Committee of the Company was established by the Board in 1999 with its written terms of reference. The Audit Committee currently comprises three Independent Non-executive Directors of the Company. The Chairman of the Audit Committee is Mr. Sun Po Yuen, and the other members are Mr. Ko Ming Tung, Edward and Mr. Lu Xin. Mr. Tse Hau Yin, Aloysius, the former Independent Non-executive Director of the Company, was the Chairman of the Audit Committee in the beginning of the year 2024. Mr. Tse ceased to be the Chairman of the Audit Committee upon his retirement on 7 June 2024. Mr. Sun Po Yuen, the newly appointed Independent Non-executive Director of the Company, was appointed as the Chairman of the Audit Committee on the same date.

The terms of reference of the Audit Committee, which have been revised in accordance with the then applicable Corporate Governance Code, are available on the Company's website. The current terms of reference of the Audit Committee are summarized in the following aspects, including but not limited to (1) monitoring the relationship with the external auditors including but not limited to reviewing and monitoring the independence and objectiveness of the external auditor and the effectiveness of audit procedures in accordance with the applicable standards; (2) reviewing the Group's financial information; and (3) overseeing the Group's financial reporting system, risk management and internal control procedures.

The Audit Committee held four meetings during the year ended 31 December 2024. The Chief Financial Officer of the Company and the external auditors also attended the meetings. The Audit Committee had also approved the re-appointment of auditors by circulation of written resolutions during the year. The attendance rates of each of the committee members at the aforesaid meetings during the year ended 31 December 2024 are as follows:

	Attendance rate
Independent Non-executive Directors	
Mr. Sun Po Yuen *(Chairman)* *(note)*	3/3
Mr. Tse Hau Yin, Aloysius *(Former Chairman)* *(note)*	1/1
Mr. Ko Ming Tung, Edward	4/4
Mr. Lu Xin	4/4

Note: Mr. Tse Hau Yin, Aloysius retired from office as Director on 7 June 2024 and accordingly, Mr. Tse ceased to be the Chairman of the Audit Committee. On the same date, Mr. Sun Po Yuen was appointed as the Chairman of the Audit Committee.

The Audit Committee had completed the following work during the year:

1. reviewed and commented on the Company's annual and interim reports (including the consolidated financial statements contained therein), and result announcements, and recommended the same for the Board's approval;

2. reviewed and discussed significant issues identified in the preparation of the consolidated financial statements, including those related to accounting records, financial reports and internal control systems;

3. reviewed the independence of the external auditors, considered and made recommendation to the Board on the re-appointment of external auditors and the corresponding audit fee for the year ended 31 December 2024, and reviewed and approved the general policies in respect of non-assurance services provided by external auditors;

4. discussed the audit plan, scope and responsibility before the commencement of work with the external auditors;

5. reviewed and evaluated annually the effectiveness of the Company's corporate governance practices and the Group's financial controls (including the adequacy of resources, staff's qualifications and experience in the Group's accounting and financial reporting functions), internal controls and risk management systems, procedures and arrangements to enable employees to raise concerns about possible improprieties in financial reporting, internal controls or other matters, based on the documents submitted and presented by the Finance Department, Risk Management personnel, the Department of Discipline Inspection (Department of Law & Compliance) and the Department of Internal Audit in the meetings of the Audit Committee, and made sufficient communications with the management on related matters. The results of such review were satisfactory;

6. discussed the Group's internal audit plan and the related work with the Department of Internal Audit and was satisfied with their report and findings;

7. discussed the Group's risk management plan and the related work with the Risk Management personnel and was satisfied with their report and findings;

8. met with the external auditors without the management's participation, constructive comments have been received and no negative feedback were noted;

9. reviewed the reports from the external auditor regarding the review of the continuing connected transactions conducted by the Group and was satisfied with their report and findings; and

10. reviewed the existing terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee of the Company was established by the Board in August 2005 with its written terms of reference. The Remuneration Committee currently comprises three Independent Non-executive Directors. The Chairman of the Remuneration Committee is Mr. Lu Xin, and the other members are Mr. Ko Ming Tung, Edward and Mr. Sun Po Yuen. Mr. Tse Hau Yin, Aloysius, the former Independent Non-executive Director of the Company, was a member of the Remuneration Committee in the beginning of the year 2024. Mr. Tse ceased to be a member of the Remuneration Committee upon his retirement on 7 June 2024. Mr. Sun Po Yuen, the newly appointed Independent Non-executive Director of the Company, was appointed as a member of the Remuneration Committee on the same date.

The terms of reference of the Remuneration Committee, which have been revised in accordance with the then applicable Corporate Governance Code, are available on the Company's website. The current terms of reference of the Remuneration Committee are summarized in the following aspects, including but not limited to (1) making recommendations to the Board on the policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (2) reviewing and approving the Executive Directors' and senior management's remuneration proposals with reference to the corporate goals and objectives resolved by the Board; and (3) determining, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and making recommendations to the Board on the remuneration of Non-executive Directors.

The Remuneration Committee met twice during the year ended 31 December 2024. The Remuneration Committee had also approved or passed a few proposals by circulation of written resolutions during the year, and had reported the relevant proposals to the Board for review or approval, where applicable, in subsequent communications to the Board. The attendance rates of each of the committee members at the aforesaid meetings during the year ended 31 December 2024 are as follows:

	Attendance rate
Independent Non-executive Directors	
Mr. Lu Xin *(Chairman)*	2/2
Mr. Ko Ming Tung, Edward	2/2
Mr. Sun Po Yuen *(note)*	1/1
Mr. Tse Hau Yin, Aloysius *(note)*	1/1

Note: Mr. Tse Hau Yin, Aloysius retired from office as Director on 7 June 2024 and accordingly, Mr. Tse ceased to be a member of the Remuneration Committee. On the same date, Mr. Sun Po Yuen was appointed as a member of the Remuneration Committee.

The Remuneration Committee had completed the following work during the year:

1. evaluated the performance of Executive Directors and senior management and approved the proposals on performance bonus and appraisal award for Executive Directors and senior management for the year 2023, mainly based on their achievements in various performance and/or strategic targets established in the year before;

2. reviewed the remuneration package (including cash compensation and bonus scheme) and other major benefits of Executive Directors and senior management for the year 2024;

3. approved the remuneration package and other major benefits of newly appointed Executive Directors and senior management;

4. approved the appointment of remuneration consultant; and

5. reviewed the existing terms of reference of the Remuneration Committee.

Remuneration policy of the Group

The key components of the Group's remuneration package include basic salary, and where applicable, other allowances, annual performance bonus and other rewards, mandatory provident funds and state-managed retirement benefits scheme. Through reasonable design on remuneration structure and mechanism on performance evaluation, the Group aims to associate the interests of key employees with the performance of the Group and the interests of shareholders, as well as to achieve a balance of short-term and long-term benefits. Meanwhile, the Group also aims at maintaining the competitiveness of the overall compensation. The level of cash compensation to employees offered by the Group varies with the importance of duties and results on performance evaluation. The higher the importance of duties, the higher the ratio of incentive bonus and rewards to total remuneration. This can help the Group to recruit, retain and motivate high-calibre employees required for the development of the Group and to avoid offering excess reward.

The emoluments payable to Directors are determined with reference to the responsibilities, qualifications, experience and performance of the Directors. They include performance bonus determined based on the overall operating results and strategic advancement of the Group and other rewards granted based on specific circumstances. The Remuneration Committee performs regular review on the emoluments of the Directors. No Director, or any of his/her associates and executives, is involved in deciding his/her own emoluments.

The Group reviews its remuneration policy annually and engages professional consultant, if necessary, to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 31 December 2024, the Group had about 4,371 full-time employees (including those employed by the Group's subsidiaries), and their remuneration is determined with reference to market rates. No individual employee shall have the right to determine his/her own remuneration.

In addition to the basic remuneration, the Group also values the importance of training and career development of employees. In 2024, the Group provided around 21,565 person-times or 158,092 hours of training (any training organized by the subsidiaries has not been included in these numbers) to employees. The training courses covered areas such as strategy implementation, leadership enhancement, marketing management, safe production, compliance risks, general working skills and practical cases. These training will further improve the management skills and professional standards of the management of the Group and enhance the overall quality of the employees to cater to the Group's rapid developments, and improve the competitiveness of the Group.

Other than those mentioned above, the Company had also arranged directors and officers' liability insurance which provides comprehensive protection for the Group's business by covering losses in relation to investigations or claims against the Company's Directors and the Group's officers.

Nomination Committee

The Nomination Committee of the Company was established by the Board in August 2005 with its written terms of reference. The Nomination Committee currently comprises three Independent Non-executive Directors. The Chairman of the Nomination Committee is Mr. Ko Ming Tung, Edward and the other members are Mr. Lu Xin and Mr. Sun Po Yuen. Mr. Tse Hau Yin, Aloysius, the former Independent Non-executive Director of the Company, and Mr. Wang Jun, the former Executive Director of the Company, were members of the Nomination Committee in the beginning of the year 2024. Mr. Tse and Mr. Wang ceased to be a member of the Nomination Committee respectively upon his retirement as Director on 7 June 2024 and his resignation as Director on 11 June 2024. Mr. Sun Po Yuen, the newly appointed Independent Non-executive Director of the Company, was appointed as a member of the Nomination Committee on 7 June 2024.

The terms of reference of the Nomination Committee, which have been revised in accordance with the then applicable Corporate Governance Code, are available on the Company's website. The current terms of reference of the Nomination Committee are summarized in the following aspects, including but not limited to (1) formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy; (2) determining the criteria to select and recommend candidates for directorship; (3) reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (4) identifying individuals suitably qualified to become Board members for Board's consideration on the selection of individuals nominated for directorships; and (5) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive.

The Nomination Committee met twice during the year ended 31 December 2024. The Nomination Committee had also approved or passed a few proposals by circulation of written resolutions during the year, and had reported the relevant proposals to the Board for review or approval, where applicable, in subsequent communications to the Board. The attendance rates of each of the committee members at the aforesaid meeting during the year are as follows:

	Attendance rate
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward *(Chairman)*	2/2
Mr. Lu Xin	2/2
Mr. Sun Po Yuen *(note 1)*	0/0
Mr. Tse Hau Yin, Aloysius *(note 1)*	2/2
Executive Director	
Mr. Wang Jun *(note 2)*	2/2

Notes:

1. Mr. Tse Hau Yin, Aloysius retired from office as Director on 7 June 2024 and accordingly, Mr. Tse ceased to be a member of the Nomination Committee. On the same date, Mr. Sun Po Yuen was appointed as a member of the Nomination Committee. Subsequent to Mr. Sun's appointment and up to to 31 December 2024, no meeting was held by the Nomination Committee.

2. Mr. Wang Jun resigned as Director on 11 June 2024 and accordingly, ceased to be a member of the Nomination Committee.

The Nomination Committee had completed the following work during the year:

1. reviewed the proposals in respect of the appointments of Mr. Su Fu, Mr. Wang Tielin, Ms. Chen Shengnan and Mr. Sun Po Yuen as Directors of the Company, and after making reference to the selection criteria including reputation for integrity, accomplishment and experience in the relevant business sector, professional and educational background, and potential time commitment for the Board and the Company, the Nomination Committee approved and submitted the nomination recommendations to the Board;

2. reviewed the structure, size and composition, including board diversity, of the Board. Subsequent to 20 March 2023 when Ms. Wang Ling was appointed as Director of the Company, the Board already achieved the gender diversity target of the Company. In order to further promote gender diversity, the Board further appoint one female director, Ms. Chen Shengnan, to the Board during the year. After reviewing the then structure, size and composition of the Board and its policy on board diversity, the Nomination Committee was satisfied with its implementation and effectiveness;

3. reviewed the terms of appointment of Directors and no recommendations to the Board is required;

4. nominated the Directors to be retired by rotation to the Board and made recommendation for their re-election in the forthcoming annual general meeting;

5. reviewed the independence of the Independent Non-executive Directors and made recommendations to the Board on their independence. The Nomination Committee submitted reminder to the Board in March 2024 in response to code provision B.2.4 of the Corporate Governance Code and suggested the Board to look for a suitable candidate to be appointed as a new Independent Non-executive Director of the Company before the annual general meeting to be held in June 2024. On 7 June 2024, the Board proposed and the shareholders approved the appointment of Mr. Sun Po Yuen as the Independent Non-executive Director of the Company in the 2024 AGM; and

6. reviewed the existing terms of reference of the Nomination Committee.

Policy in respect of nomination of directors of the Company

The Board adopted a nomination policy on 27 March 2013 for the purpose of setting out the procedures for shareholders or Directors to propose a person for election as a Director of the Company, and to set out the general guidelines and procedures for the members of the Nomination Committee in the nominee identification, evaluation and recommendation processes.

Bye-law 85 (as revised on 17 June 2022) of the Company provides that no person, other than a Director retiring at the meeting, shall be eligible for election as a Director at any general meeting unless:

1. he/she is recommended by the Directors; or

2. a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the Head Office (Note 1) or at the Registration Office (Note 2), provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Note 1: "Head Office" means the principal place of business of the Company in Hong Kong.

Note 2: "Registration Office" means the Company's branch share registrar and transfer office in Hong Kong.

Upon receipt of the notices as mentioned above, the Company shall inform the Nomination Committee as soon as practicable. The Nomination Committee shall review the profile of the candidate(s) and assess the suitability of the candidate(s) for the Board's consideration and recommendation to the shareholders for consideration. In the selection process, the Nomination Committee makes reference to the criteria including, inter alia:

1. reputation for integrity, accomplishment and experience in the relevant business sector;

2. professional and educational background;

3. potential time commitment for the Board and/or committee responsibilities; and

4. objective criteria with due regard for the benefits of diversity on the Board.

As a good corporate governance practice, every Director or Nomination Committee member shall abstain from voting on the proposition of himself/herself for election by shareholders.

To enable shareholders to make an informed decision on their election at a general meeting, the names of all candidates recommended by the Nomination Committee and the Board to be elected or re-elected as a Director in general meeting, together with his/her biographical details as set out in Rule 13.51(2) of the Listing Rules, are set out in a circular to be sent to shareholders prior to the meeting.

Board diversity policy of the Company

The Board adopted a board diversity policy on 27 March 2013 for the purpose of setting out the approach to achieve diversity on the Board. The policy states that, in designing the Board's composition, board diversity has been considered from a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on the candidates' talents. Candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be based on a range of diversity perspectives mentioned above. The final decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee had reviewed the Board composition of the Company as at 31 December 2024 and considered that the then existing Board's composition is diversified in terms of age, gender, years of service, position, skills and knowledge. To promote further on gender diversity, the Board approved the appointment of another female, Ms. Chen Shengnan, as Director to the Board. The current female director to male director ratio of the Board of 2:5 satisfied the gender diversity target of the Company, which is a minimum of one female director, set out in 2022. To continue promoting gender diversity, the Group offered all rounded trainings to both male and female employees who are considered as having suitable experience, skills and knowledge of the Group's operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. The Board considered that such strategy will offer chances for the Board to identify capable employees to be nominated as a member of the Board in future with an aim to providing the Board with pipeline of both male and female candidates to achieve gender diversity in the Board in the long run. For the year ended 31 December 2024, the Group has total headcount of 4,371 employees (including senior management), of which 3,523 employees are male and 848 employees are female. The Board considered that such gender ratio of employees is appropriate to the operations of the Group.

The table below shows the headcount analysis on the diversity of the Board members as at 31 December 2024:

	Years of Service as Board members			
Age	**Less than 5 years**	**6 to 10 years**	**Over 10 years**	**Total**
Age 41-50	3	–	–	3
Age 51-60	1	–	–	1
Age 61-70	1	1	1	3
Total	5	1	1	7

	Skills and Knowledge		
Position	**Business & Corporate Management**	**Finance and Accounting Management**	**Legal Expertise**
Executive Director	2	1	–
Non-executive Director	1	–	–
Independent Non-executive Director	3	2	1

Corporate Governance Committee

The Corporate Governance Committee of the Company was established by the Board in March 2012 with its written terms of reference. The Corporate Governance Committee currently comprises four members. The Chairman of the Corporate Governance Committee is Mr. Wang Tielin, Executive Director and Chief Executive Officer of the Company, and the other members are Ms. Chen Shengnan and Ms. Wang Ling, both Executive Directors of the Company, and Ms. Cheung Kar Mun, Cindy, the Company Secretary of the Company. Mr. Wang Jun, the former Executive Director of the Company, was a member of the Corporate Governance Committee in the beginning of the year 2024. Mr. Wang Jun ceased to be a member of the Corporate Governance Committee upon his resignation as Director on 11 June 2024. Mr. Wang Tielin and Ms. Chen Shengnan, the newly appointed Executive Directors of the Company, were appointed as the Chairman and a member of the Corporate Governance Committee, respectively, on 11 June 2024.

The terms of reference of the Corporate Governance Committee are available on the Company's website. The current terms of reference of the Corporate Governance Committee are summarized in the following aspects, including but not limited to (1) developing and reviewing the corporate governance principles and policies of the Company and making recommendations to the Board, and implementing the corporate governance policies laid down by the Board; (2) reviewing and monitoring the corporate governance policies and practices to ensure compliance with legal and regulatory requirements; (3) developing, reviewing and monitoring the code of conduct and guidelines in relation to corporate governance matters applicable to the Company's Directors and employees; (4) reviewing the Company's compliance with the Corporate Governance Code and related rules; (5) preparing the annual Corporate Governance Report; and (6) reviewing regularly the contribution required from Directors to perform their responsibilities to the Company, and the time commitments.

The Corporate Governance Committee met once during the year ended 31 December 2024. The attendance rates of each of the committee members at the aforesaid meeting are as follows:

	Attendance rate
Executive Directors	
Mr. Wang Tielin *(Chairman)* *(note)*	0/0
Ms. Chen Shengnan *(note)*	0/0
Ms. Wang Ling	1/1
Mr. Wang Jun *(note)*	1/1
Company Secretary	
Ms. Cheung Kar Mun, Cindy	1/1

Note: Mr. Wang Jun resigned as Director on 11 June 2024 and accordingly ceased to be a member of the Corporate Governance Committee. On the same date, Mr. Wang Tielin and Ms. Chen Shengnan were appointed as the Chairman and a member of the Corporate Governance Committee, respectively. Subsequent to Mr. Wang Tielin and Ms Chen Shengnan's appointment and up to to 31 December 2024, no meeting was held by the Corporate Governance Committee.

The Corporate Governance Committee had completed the following work during the year:

1. reviewed the Company's policies and practices on corporate governance and made recommendations to the Board regarding the improvement of governance on Environmental, Social and Governance ("ESG") aspects of the Group. To cope with this, in December 2024, the Board resolved to improve the ESG governance framework of the Group by establishing a clear division of responsibilities and roles within the governance structure. In addition, the Board approved the establishment of an ESG Management Committee, under the supervision of the Corporate Governance Committee, for the purpose of overseeing the matters related to the ESG aspects of the Group;

2. reviewed and monitored the training and continuous professional development of Directors and senior management, and the review results were satisfactory;

3. monitored the Company's corporate governance practices and ensured compliance with the Corporate Governance Code and the Listing Rules. During the year, in order to comply with the Corporate Governance Code in relations to long-serving independent non-executive directors ("INEDs"), the Company completed the appointment of a new INED to the Board in June 2024. In addition, in order to comply with the mandatory electronic dissemination requirements under the Listing Rules, the Board submitted proposals for amendments of Bye-laws in respect of electronic disseminations for shareholders' approval in 2024 AGM and subsequently published new arrangements on dissemination of corporate communications in July 2024;

4. reviewed and monitored the code of conduct applicable to Directors and employees, and the review results were satisfactory;

5. reviewed the Company's compliance with the Corporate Governance Code and the disclosures in the Corporate Governance Report;

6. reviewed the following aspects in respect of INEDs during the relevant year: (a) the recruitment process of INEDs; (b) the number of INEDs and their time contribution; (c) assessed and evaluated INEDs' contribution; and (d) the channels where independent views were available. The Corporate Governance Committee was satisfied with the result of the review and confirmed that such review will be performed on an annual basis;

7. monitored the Company's process in the preparation of the Environmental, Social and Governance Report ("ESG Report") and reviewed the related disclosures. The Corporate Governance Committee was satisfied with the process and noted in the independent assurance statement that the disclosure for general disclosures and key performance indicators of environmental and social subject areas in the ESG Report for the year ended 31 December 2023 have been provided in accordance with the "Comply or Explain" provision, in all material aspects, in alignment with the ESG Reporting Guide of the Stock Exchange; and

8. reviewed the existing terms of reference of the Corporate Governance Committee.

Strategy Committee

The Strategy Committee of the Company was established by the Board on 24 January 2024 with its written terms of reference. The Strategy Committee currently comprises five members. The Chairman of the Strategy Committee is Mr. Su Fu (Non-executive Director) and the other members are Mr. Wang Tielin, Ms. Chen Shengnan, Ms. Wang Ling (three of them are Executive Director) and Mr. Lu Xin (Independent Non-executive Director). Mr. Su Fu, Ms. Wang Ling and Mr. Lu Xin were appointed on 24 January 2024, while Mr. Wang Tielin and Ms. Chen Shengnan were appointed on 11 June 2024.

The terms of reference of the Strategy Committee are available on the Company's website. The current terms of reference of the Strategy Committee are summarized in the following aspects, including but not limited to (1) studying and making recommendations on the Company's mid- to long-term development strategies; (2) reviewing and making recommendations on the Company's mid- to long-term strategic goals and business development plans; (3) reviewing the Company's business policies and mid- to long-term investment and/or financing plans; (4) studying and making recommendations on other major matters affecting the development of the Company; and (5) reviewing the implementation of the above matters.

The Strategy Committee met once during the year ended 31 December 2024. In the meeting, the Strategy Committee reviewed the "Bio+" strategy of the Group and its implementation during 2022 to 2024, and collected members' views and ideas on the Group's future strategies. The attendance rates of each of the committee members at the aforesaid meeting are as follows:

	Attendance rate
Executive Directors	
Mr. Wang Tielin	1/1
Ms. Chen Shengnan	1/1
Ms. Wang Ling	1/1
Non-executive Director	
Mr. Su Fu *(Chairman)*	1/1
Independent Non-executive Director	
Mr. Lu Xin	1/1

COMMUNICATION WITH SHAREHOLDERS

Shareholders communication policy

The Company has adopted the shareholders communication policy (the "Shareholders Communication Policy") in March 2012 to ensure the shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company. The full version of Shareholders Communication Policy is available on the Company's website.

In accordance with the Shareholders Communication Policy, shareholders and/or investment community can communicate their views on various matters in the following channels:

- For questions about shareholdings, contact the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- For information about the Company to the extent that are publicly available, visit the Company's website at www.sinofert.com or contact the principal place of business of the Company at Unit 4705, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.

- For any other questions about the Company, contact the Company's investor relations at ir_sinofert@sinochem.com, or appear in general meetings of the Company, where Chairmen of Board committees or delegates, appropriate management executives and external auditors will attend to answer shareholders' questions.

During the year, the Company reviewed the Shareholders Communication Policy and considered that the Company has provided sufficient channels for shareholder to communicate their views and comments on the business and operations of the Group. No enquires from shareholders in general meetings have been received by the Company, and overall, the Company was satisfied with the implementation and effectiveness of the policy conducted during the year.

Dividend policy

The Company's dividend policy is to make dividend payout to shareholders when the Group record net profit during a financial year. The dividend payout ratio is generally at around 30% level on the profit attributable to owners of the Company of the relevant year. In determining the specific dividend payout ratio for the relevant year, the Board of the Company will consider the financial performance, financial position, cash flows and capital commitment situation of the Group for that relevant year, and also the plans and requirements on future financing of the Group. The actual dividend payout ratio will be adjusted based on the above assessment each year.

General meetings

Annual general meeting is one of the principal channels for the Company to communicate with the shareholders.

2024 AGM of the Company was held on 7 June 2024, in which Mr. Ko Ming Tung, Edward, the Independent Non-executive Director of the Company, chaired the meeting on behalf of the Board. In addition, the external auditors of the Company and respective chairmen or representatives of the audit, remuneration, nomination and corporate governance committees of the Company attended the 2024 AGM and were available to answer relevant questions. The attendance rates of each of the Directors at the 2024 AGM are as follows:

	Attendance rate
Executive Directors	
Mr. Wang Tielin *(Chief Executive Officer)* *(note 1)*	0/0
Ms. Chen Shengnan *(note 1)*	0/0
Ms. Wang Ling	1/1
Mr. Wang Jun *(note 1)*	0/1
Non-executive Directors	
Mr. Su Fu *(Chairman)* *(note 2)*	0/1
Mr. Liu Hongsheng *(Former Chairman)* *(note 2)*	0/0
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward	1/1
Mr. Lu Xin	1/1
Mr. Sun Po Yuen *(note 3)*	1/1
Mr. Tse Hau Yin, Aloysius *(note 3)*	1/1

Notes:

1. Mr. Wang Tielin and Ms. Chen Shengnan was appointed as the Directors of the Company on 11 June 2024, while Mr. Wang Jun resigned as a Director of the Company on the same date. The 2024 AGM was held prior to Mr. Wang Tielin and Ms. Chen Shengnan's appointment.

2. Mr. Su Fu was appointed as a Director of the Company on 24 January 2024, while Mr. Liu Hongsheng resigned as a Director of the Company on the same date. The 2024 AGM was held subsequent to Mr. Liu's date of resignation.

3. Mr. Tse Hau Yin, Aloysius retired from office as Director on 7 June 2024 at the 2024 AGM, while Mr. Sun Po Yuen was appointed as a Director on the same date.

During the year, one special general meeting of the Company was held for approving two continuing connected transactions of the Company. The attendance rates of each of the Directors at this special general meeting of the Company are as follows:

	Attendance rate
Executive Directors	
Mr. Wang Tielin *(Chief Executive Officer)* *(note 1)*	1/1
Ms. Chen Shengnan *(note 1)*	1/1
Ms. Wang Ling	1/1
Mr. Wang Jun *(note 1)*	0/0
Non-executive Directors	
Mr. Su Fu *(Chairman)* *(note 2)*	0/1
Mr. Liu Hongsheng *(Former Chairman)* *(note 2)*	0/0
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward	1/1
Mr. Lu Xin	1/1
Mr. Sun Po Yuen *(note 3)*	1/1
Mr. Tse Hau Yin, Aloysius *(note 3)*	0/0

Notes:

1. Mr. Wang Tielin and Ms. Chen Shengnan was appointed as the Directors of the Company on 11 June 2024, while Mr. Wang Jun resigned as a Director of the Company on the same date. The special general meeting was held subsequent to Mr. Wang Jun's date of resignation.

2. Mr. Su Fu was appointed as a Director of the Company on 24 January 2024, while Mr. Liu Hongsheng resigned as a Director of the Company on the same date. The special general meeting was held subsequent to Mr. Liu's date of resignation.

3. Mr. Tse Hau Yin, Aloysius retired from office as Director on 7 June 2024, while Mr. Sun Po Yuen was appointed as a Director on the same date. The special general meeting was held subsequent to Mr. Tse's date of retirement.

Shareholders' rights

Shareholders have the right to request for a special general meeting. Shareholders, at the date of deposit of the requisition, holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right to submit a signed written requisition, specifying the purpose (including any proposals), to the Board or the Company Secretary to require a special general meeting, and deposit the requisition at the Company's principal place of business at Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene the special general meeting, the requisitionist(s), or any of them representing more than one half of the total voting rights of all of them, themselves may convene a special general meeting, but any special general meeting so convened shall not be held after the expiration of three months from twenty-one days of the deposit.

In addition, shareholders may propose a person for election as a Director of the Company. Details of the procedures for shareholders to propose a person for election as a Director of the Company are available on the Company's website, and is disclosed in the section on "Policy in respect of nomination of directors of the Company" in this report.

Constitutional documents

The constitutional documents of the Company, including the memorandum of association and Bye-laws of the Company, are available for review by shareholders from the Company's website. During the year, the Board proposed to amend the existing Bye-laws to bring the Bye-laws in line with certain amendments made to the Listing Rules in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers which took effect from 31 December 2023, and to make other consequential and house-keeping amendments. The aforesaid amendments to Bye-laws were approved by the shareholders in 2024 AGM held on 7 June 2024.

EXTERNAL AUDITOR

The Group's external auditor for the year is KPMG. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditors. During the year, the Audit Committee has considered and approved the re-appointment of KPMG as auditor of the Group for the year ended 31 December 2024, and the corresponding audit fees estimation, and also approved the general policies in respect of non-assurance services provided by external auditors.

The fees paid or payable by the Group to the external auditors in respect of audit and other non-audit services for the year ended 31 December 2024 were as follows:

	For the year ended 31 December	
Nature of services	**2024**	2023
	RMB'000	*RMB'000*
Audit service (including audit of financial statements and other audit related projects)	**3,770**	4,040
Tax related service	**336**	94
Total	**4,106**	4,134

FINANCIAL MANAGEMENT

The Group consistently strengthened management on the fundamental financial works, normalized and improved rules and regulations, strengthened internal coordination, focused on informatization construction, improved internal risk control and gradually improved work quality. The Group adhered to the corporate strategies, closely followed up on business operations and identified potential risks and opportunities. Meanwhile, it ensured its fund safety, optimized its debt scale, continued to reduce its financing costs and devoted itself to discovering, protecting and creating corporate value.

In terms of team building, we effectively focused on the Company's strategy, carried out financial management along professional lines, carried out centralized financial training and empowerment, and multi-level staff rotation, in order to stimulate employees' potentials and work enthusiasm, and to enhance the team's ability with multiple measures. With external financial talents and outstanding fresh graduates to join our team, the Group is committed to building a professional, highly precise and efficient financial talent pool that meets our new strategic development requirements.

In terms of accounting, the Group strengthened the timeliness and accuracy of basic financial information, completed the accounting and auditing, and prepared the consolidated financial statements with high quality. It continued to promote the digital transformation of its finance, established a full-process electronic approval process on reimbursement, built up an electronic closed-loop management module for all tax invoice types, and realized the electronic filing of accounting evidence. At the same time, in accordance with the requirements of the capital market, the Group provided relevant information to the designated information disclosure platform and welcomed the supervision and inspection from regulators.

In terms of budget management and performance analysis, the Group constantly improved the overall budget management system to ensure that the annual budget was reasonably formulated and paid attention to the breakdown of the budget and the implementation of responsibilities. The Group strengthened its operational performance analysis, tracked, periodically monitored the Company's operation and budget implementation, timely discovered issues in operations and proposed suggestions for improvement, and promoted the achievement of budget goals and the implementation of strategies. The Group utilized management tools including 369 rolling forecast and the risk and opportunity (R&O) analysis to strengthen its process monitoring, and to provide supports and advices for operational decisions. With focus on improving the quality and efficiency of key items, the Group has established the management philosophy of "all costs can be reduced", while strengthening cost and expenditure control to achieve better outputs by improving the quality and efficiency. The Group continued to be highly performance-oriented, focused on investment returns, guided the realization of optimized allocation of financial resources and leveraged the effects of budget management and performance analysis in strategic orientation and monitoring.

In 2024, the global economy continued its recovery trend, but the dynamics seemed divergent. The monetary policies changed towards easing alongside divergence. Against the backdrop of the gradual mitigation of pressure from inflation, the monetary policies of major central banks have changed from the tightening cycle to the easing one, but there were significant differences in the tendency of policies among various economies. The Federal Reserve initiated the rate cut cycle in September, cumulatively lowering the federal funds rate by 100 basis points during the year. However, inflation stickiness and the risk of capital outflow have restricted the extent of the rate cut. Meanwhile, the European Central Bank accelerated its easing policies due to the pressure from economic contraction. It cut the interest rate for four consecutive occasions since June, which accounted for a reduction by 135 basis points cumulatively. The Bank of Japan bucked the trend and raised the interest rate by 25 basis points, marking the end of its 27-year policy of negative interest rates. China implemented a moderately loose monetary policy, and adjusted downward the required reserve ratio by 1 percentage point twice while reducing the interest rate by 0.3 percentage point during the year. The Group continued to deepen the synergy of capital management and optimize the efficiency of capital allocation through the linkage of its domestic and overseas platforms. During the year, the Group utilized the rate cut cycle of the Chinese central bank to decrease the loan interest rate of the Sinochem Fuling project by 75 basis points, while the interest rate for working capital loan decreased by up to 70 basis points, which exceeded the extent of decrease as compared with the mandatory decrease in loan prime rate (LPR). The Group enhanced the efficiency of integrated capital operation through cross-border cash pooling allocation and the coordination on overseas capital. In line with the Company's ESG transformation, breakthroughs were made in green finance. The Group obtained the green deposit certification from Bank of Tokyo-Mitsubishi and the green credit for Sinochem Finance's soil treatment project, representing its achieving the balanced and win-win situation between social responsibility and economic interests.

In 2024, the global financial market became increasingly volatile amidst the slowdown of economic growth and diverging policies among central banks. The US and European central banks initiated the rate cuts but maintained a restrictive stance. The tightened liquidity and the strengthened US dollar, coupled with the influence of continued geopolitical conflicts, resulted in the coexistence of risk aversion and risk preference in the international financial market. The US dollar index showed a "V-shaped" trend while major currencies such as Japanese Yen and Euro generally depreciated, resulting in significant pressure on the currencies of emerging markets. Due to the policy divergence of the Federal Reserve and the domestic economic recovery, the exchange rate of RMB against the US dollar fluctuated within the range of 7.0-7.35, but it has been relatively stable against a basket of currencies. Based on our import-based business model, the Group continued to adopt prudent countermeasures and took various measures to reduce the adverse impact of exchange rate fluctuations on the Group, strengthened its monitoring and analysis of the foreign exchange market, paid close attention to changes in the international economic and financial situations, as well as the movement of major currency pairs, and made timely responses and adjustments. The Group made gradual adjustments in exposure requirements of business units according to the actual conditions. As RMB fluctuates in a narrow range and remained relatively strong, spot exchange purchases shall been made on demand according to the business requirements. If the fluctuation of RMB intensifies with signs of decline and volatility, forward exchange purchases shall be made in a timely manner to mitigate the medium to long-term risks from exchange rate fluctuations. The reverse strategy was adopted for the exports, and exchange settlement shall be made in a timely manner when the US dollar remained strong.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board understands that, in accordance with the code provision D.2 of the Corporate Governance Code contained in the Listing Rules of the Stock Exchange, the Board should ensure that the Group's internal control and risk management system is robust and appropriate, and continuously monitor and review its operation effectiveness in order to safeguard shareholders' interests and the Group's assets. During the year, the Group fully implemented the requirements of the SASAC on the construction and supervision of the internal control system of state-owned enterprises, accelerating the promotion of comprehensive coverage of the construction and supervision system of internal control. While aligning with the strategic transformation and empowering its businesses, the Group carried out the risk identification, optimized the process and mechanism of its system, and actively amended and formulated systems, revised the manual of duties and responsibilities, enhanced the accountability of responsible entities, and focused on audit and inspection of its subsidiaries. The Group also carried out annual review and evaluation on its internal control and risk management system in all aspects, covering every significant aspect of control such as financial monitoring, operation monitoring, compliance monitoring and risk management functions, with feedbacks thereto, and regularly reviewed and monitored the internal control systems so as to ensure the proper functioning of procedures and the effective operation of the internal control system by taking into consideration the respective characteristics of the headquarters, branches and subsidiaries of the Company.

Internal Control

For years, the Group has been committed to ensuring the design rationality and operational effectiveness of the internal control system and constantly improving the operational management level and risk prevention capability. The Board of the Company is responsible for the sound establishment and effective implementation of internal controls and the managerial level is responsible for organizing and leading the implementation and operation of the Group's internal controls. The Financial Management Department, the Department of Audit and other departments of the Group are responsible for the implementation of internal control construction and evaluation and carrying out the promotion of relevant works through evaluation for steady development of the Group.

The Group carries out the internal control evaluation once a year to implement the working mechanism of unified leadership and graded responsibility, which is divided into self-assessment of internal control and supervision on evaluation. Each unit will conduct self-evaluation from January to December 2024 by considering its own positioning of management and business characteristics against the "2024 Evaluation Working Draft on Annual Internal Control", and conduct self-evaluation item by item according to the core indicators and control scopes, so as to objectively, truthfully and accurately reveal the defects and risks of internal control in operation and management. The Department of Audit will carry out supervision and evaluation in consideration with various forms of audit, such as self-assessment of internal control, inspection of supervision, audit of internal control, special audit and economic responsibilities audit to objectively, truthfully and accurately reveal the defects and risks of internal control in the operational management. The supervision and evaluation of internal control focus on the establishment of evaluation mechanism on internal control and the development of evaluation on internal control of the key subsidiaries; the management of financial internal control and the authenticity of accounting information; the establishment and improvement of the prevention and control mechanism of risks; subsidiaries with "zero defects" in self-evaluation of internal control; and the rectification of internal control defects that occurred in the subsidiaries in the past three years. Through the cultivation of healthy internal control evaluation and improvement of the information communication mechanism, the internal control management of the Group is improved in a practical manner.

In 2024, the Department of Audit formulated the annual audit plan in a scientific manner based on the results of the internal control evaluation and taking into account of the relevant requirements of the Listing Rules and the results of risk investigation, in order to monitor and examine the internal control and risk management of the Group. During the year, the Department of Audit of the Group organized and implemented four audit special projects through a combination of remote audits and on-site audits, covering various types of audits such as internal control audit, economic responsibilities audit, special audit, overseas audit, etc. A total of twelve key branches and subsidiaries of the Group were in the scope of audit. Regular reporting to the Audit Committee on the implementation of the internal audit and the operating mechanism of complaints was made to ensure that the supervision and inspection are standardized and effective, and to promote the operation of power regulation and the improvement of operation management.

Through evaluation, supervision and inspection on internal control system, the Board believed that, during the year of 2024, the Group had a relatively good internal control environment, systematically identified, assessed and coped with risks the Group faced, established a sound and optimized internal control system and standardized business processes. The system on internal control and risk management of the Group was adequate and effective and could reasonably secure the strategic transformation and current business development of the Group. In future, the Group will continue to comply with the Listing Rules of the Stock Exchange, for which the Group will focus on building a strong multi-level system on supervision services, thereby optimizing the management and early warning mechanism, rectification and follow-up mechanism and results application mechanism of internal control of the Group, further enhancing the effectiveness of design and execution of internal control, constantly promoting the quality and efficiency of the internal control and ensuring the smooth implementation of the Group's strategic objectives.

Risk Management

The Group adopts a risk management model for which the general manager is responsible under the leadership of the Board. An annual assessment of the risks associated with the Group will be performed. In 2024, the decision-making in respect of the management on major risks was further strengthened, thereby forming an organization and protection system on risk management consisting of decision-makers, risk management department, responsible departments (including business units) for the management on major risks and auditing and supervision functions.

In 2024, given the critical and complicated external market environment, challenges such as uncertainty in the trade environment and fluctuations in the financial market were present. There were also difficulties arising from falling prices of staple food and frequent occurrences of extreme weather which hinder operations of the Group. The Group focused on its primary responsibilities and core businesses, with the "Bio+" strategy as its guidance and the technological innovation as its driver. The Group endeavoured to keep up with the new requirements of the strategies and business development of the Company, and continued to strengthen risk management, enhance monitoring of indicators on major control risks and reinforce monthly comprehensive disclosure of significant risk events. In addition to strengthening on-site audits on financial risks, the Group also proactively utilized new means of daily management such as online reportings and network supervision. At the same time, the Group continued to adopt various forms to further enhance the promotion of the culture on risks among all staff, carried out presentation activities on risks by the person in charge of the middle and back office, strengthened the awareness of the primary responsibility of the operating units for risks, and created a risk control environment of "sound operation and healthy development". During the year, special attention was paid to the identification of risks in new businesses and the establishment of risk management measures, such as the identification of business risks arising from licensing, as well as the effectiveness of a risk management and internal control system for monitoring lending transactions. During the year, the Group established a compliance committee to further standardize and optimize the works related to compliance management of the Group, thereby ensuring that the Company operates in accordance with the law.

In the fourth quarter of 2024, in line with the requirements of external supervision of the SASAC and other authorities and the Group's own risk management, the Group continued to carry out new annual risk identification, assessment and response, strengthened the management and control of key businesses, key processes and new risk points, and developed quantitative indicators and other measures to further strengthen the management and control of major risks.

In 2024, the Group continued to enhance the allocation and utilization efficiency of credit and inventory resources, carried out differentiated monitoring and evaluation over companies with over-due receivables and long-aged inventories, controlled the size of trade receivables and inventories, and promoted the improvement of operation quality.

In order to ensure the effectiveness of the implementation of risk management system, the Group continued to perform the internal inspection and evaluation functions of risk management. In 2024, the Group conducted more than 10 on-site inspections of its branches and subsidiaries. Through the headquarters inspection, cross inspection and special inspection, the Group increased its efforts in the on-site inspections on the companies under it, understood the risk management profile of the business units, and followed up the rectification of problems found, thereby enhancing the quality and efficiency of internal supervision to ensure the operational safety.

INVESTOR RELATIONS AND INFORMATION DISCLOSURE

The Group attaches great importance to investor relations, which is under the direct responsibility of the senior management of the Group. Under the regulations and requirements of the relevant provisions of the Listing Rules and the "Rules Governing the Management of Information Disclosure" of the Company, the Group maintains close communication with the capital market through multiple channels.

Against the backdrop of tremendous challenges in the global economy, in order to consolidate its leading position in the industry, under the leadership of the Board, the Group was determined to promote strategic transformation to become "the leader of biofertilizers and soil health innovation". By adhering to the customer-centric principle and with a focus on reform and innovation, the Group took scientific and technological innovation as the core drive and devoted to the research and development of nutrient efficiency and biological products and soil health. The Group promoted scientific planting and enhanced channel digitalization capabilities to empower the upstream and downstream services of the industrial chain, thereby facilitating the development of modernized and intelligent agriculture with high technologies in China. Meanwhile, the Group proactively carried out work related to investor relations and information disclosure, and maintained adequate information exchange and communication with the capital market in respect of industrial market conditions, business operation of the Company and its corporate development strategy, and achieved satisfactory results.

In 2024, investor relations activities of the Group mainly include:

1. In March 2024, the Group announced its 2023 annual results and held a result presentation conference for analysts and the media.

2. In August 2024, the Group announced its 2024 interim results and held a result presentation conference for analysts and the media.

3. In September 2024, the Group organized a reverse roadshow for investors focusing on the Company's "Bio+" strategy, accurately conveying the progress and achievements of its "Bio+" strategy, strengthening the communication and interaction between the management and investors and analysts, and enhancing the Company's status and influence in the market.

4. During 2024, the Group participated in events, such as strategy meetings. of well-known securities firms in the industry to increase its exposure in the capital market.

Apart from the above-mentioned investor relations activities, the Group maintained effective communication and liaison with investors, analysts and fund managers in its daily operation through on-site receptions, conference calls, emails and other means, with a view to enhancing its influence through proactive communication.

In addition, the Group timely disclosed corporate information through the websites of the Stock Exchange and the Company with strict compliance with the Listing Rules and the "Rules Governing the Management of Information Disclosure" of the Company, delivering important announcements of the Company to all shareholders. The Company also continuously updated its website to disclose important information of the Group's business to the public.

The Board Office of the Company, which includes the Company Secretary as a member, is responsible for the dissemination of corporate information to the public, including inside information and transactions related information. Upon receipt of such corporate information, the Board Office will review and analyze the information in accordance with the Listing Rules, and discuss with external legal adviser when necessary. If such corporate information is required to be disclosed under applicable Listing Rules, the Board Office will submit such information and the proposed announcement to the Board of the Company for approval before its formal publication on the websites of the Stock Exchange and the Company.

HEALTH, SAFETY AND ENVIRONMENT

The Group is committed to promoting health, safety and environment and sustainable development, building core competitiveness in HSE, insisting on the importance of life and environment, loss control and continuous improvement of the HSE policy, and working with the goal of "zero loss" to responsibly manage all business activities to achieve excellent HSE performance.

In 2024, the Group strengthened its fundamentals by focusing on the construction of the FORUS system[1] and the investigation and management of risks and potential hazards, launched the "Star Factories", the "Golden Codes" and the "Rigorous Performance of Duties", and organized the implementation of the "One Theme Per Month and Two Modules Per Month", which was a good practice to integrate the system construction into the industrial production and operation activities and form a permanent enhancement mechanism. Taking fundamental rectification special action as the main line, the Group focused on the on-site improvements, elimination of frequent operations, special rectification for contractors, enhancement of process safety management and other special tasks. The Group made up for the shortcomings, strengthened the weaknesses to improve the intrinsic safety, and concentrated resources to promote the improvement of weak enterprises, and prevented and controlled the risks in key areas.

The Group invested RMB103.29 million in HSE in 2024, of which RMB15.35 million by Sinochem Fuling, RMB62.78 million by Sinochem Yunlong, RMB7.46 million by Sinochem Changshan, RMB10.14 million by Sinochem Shandong Fertilizer Co., Ltd ("Shandong Fertilizer"), and RMB7.56 million by Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd ("Sinochem Ecological").

The Group insists on being people-oriented, prioritizing environmental protection and focusing on prevention and comprehensive management. As climate change becomes more serious, the Group is well-aware of its responsibility to protect the environment. By strictly abiding by the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China as well as the Environmental Impact Assessment Law of the People's Republic of China, the Group deepened the fight against pollution, launched specialized work including the special assessment of the environmental risks, and implemented pollution prevention and control of water, air, soil and hazardous and solid waste. The Group used advanced technologies and equipment to reinforce operations of environmental-friendly facilities, continuously reduce emissions, reduce the impacts on the environment, and promote harmonious coexistence with environmental protection. The Group formulated emergency plans for sudden environmental pollution incidents, equipped themselves with necessary emergency materials and seriously performed emergency response exercises. In 2024, no material environmental pollution incident was identified.

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1 The FORUS system takes the HSE risk management as the core, implements comprehensive loss control, makes systematic arrangements for the whole life cycle of business activities such as projects, equipment, processes, and products, covering various fields such as safety, environmental protection, health, energy, carbon emissions, and security. It unifies the HSE management language and evaluation standards, provides a fundamental adherence for the HSE management, and provides a systematic solution for achieving HSE leadership.

In 2024, the emissions of SO_2, NOX, COD and NH_3-N were 334 tons, 197 tons, 34.02 tons and 4.25 tons, respectively. The sulphuric acid production facility of Sinochem Fuling for 800,000 tons/year was equipped with a HRS low-temperature heat recovery system to enhance the heat utilization rate. Shandong Fertilizer has implemented a molten condensate water recovery process change to recover condensate water, maximizing the utilization of residual heat. The photovoltaic project of Sinochem Ecological has been put into operation, which effectively reduced carbon emissions and created economic benefits.

Environmental, Social and Governance Report

The Company published its 2024 Environmental, Social and Governance Report simultaneously with this annual report in compliance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Listing Rules. The content of the report conforms to the requirements of the Stock Exchange and disclose the environmental, social and governance performance of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

Focusing on key products, on one hand, the Group strengthened the building of strategic procurement capacity and management of core suppliers, stabilized the international and domestic supply system, built a diversified supply channel, guaranteed the long-term and stable supply of high-quality fertilizer resources for the Group and continued to maintain its position as a large supplier of imported crop nutrient products in China; on the other hand, the Group explored key markets and maintained close cooperation with core customers, grasped the industrial chain by integrated cooperation of upstream and downstream operations, formed a strong linkage between upstream and downstream operations and became an important player in the supply chain of crop nutrient products.

In 2024, the aggregate revenue generated from the five major customers of the Group accounted for no more than 10% of the Group's total revenue. Over the years, the Group maintained a stable supply and sales relationship with Shandong Liaocheng Luxi Chemical Fifth Fertilizer Co., Ltd., one of the major customers of the Group.

In 2024, the aggregate purchase from the Group's five major suppliers accounted for no more than 30% of the Group's total purchases. As the most important domestic potash supplier for the Group, Qinghai Salt Lake Industry Co., Ltd. ("Qinghai Salt Lake") maintained a long-term business relationship with the Group and supplied potash products to the Group by means of payment upon delivery or payment in advance.

Moreover, the Group always exercised stringent risk control throughout the entire cooperation process with customers and suppliers to ensure the robust cooperation. The Group tightened the access threshold for customers and suppliers. Its customer relationship management (CRM) system has carried out categorized access management on customers by linking to external credit information enquiry platforms, and the Group conducted background checks on suppliers through public consultations and field visits. When carrying out credit sales to customers and advance payment to suppliers, the Group followed strict approval procedures, closely kept track of the operating condition of the major customers and suppliers, and credit insurance are taken out for each of them. The Group developed a mini program for customer reconciliation to reconstruct the customer reconciliation process with digital tools, while achieving real-time monitoring and minimizing risks from human interference. The Group has carried out regular supplier reconciliation and effectively controlled the risk from inventory procurement. The Group established an evaluation system on customers and suppliers and conducted annual quantitative evaluation, assessment and classification on its customers and suppliers, so as to continuously optimize its customer and supplier profile. In 2024, the Group maintained sound cooperations with its major customers and suppliers.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group strictly complied with the requirements of national laws, regulations and policies, as well as the relevant regulations of the Stock Exchange, including the Listing Rules. In 2024, stringent regulation continued to be implemented on environmental protection, energy management and production safety in China, and the Group strictly abided by the relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on Production Safety, the Cleaner Production Promotion Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Soil Pollution Prevention and Control Law of the People's Republic of China. The Group adhered to a people-oriented policy of environmental priority, prevention in advance and comprehensive management, the core vision of industry value. It organized production and operation activities in accordance with the relevant national laws and regulations relating to environmental protection, energy conservation, cleaner production, production safety as well as water and soil conservation. Through active fulfillment of environmental protection responsibility and implementation of supervision and management of environmental protection facilities, the Group strived to prevent environment related incidents. By leveraging measures such as internal control and risk and HSE management, the Company effectively safeguarded its lawful and compliance operation as well as the achievement of its operation objectives and strategic transformation and upgrading.

DIRECTORS' REPORT

The Board of Directors of the Company hereby presents the Directors' Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding.

The principal activities of the Group include the production, import and export, distribution and retail of raw materials and finished goods of crop nutrition products, provision of technological research and development and services relating to crop nutrition business and products, exploration and exploitation of phosphate mine, and production of monocalcium/monodicalcium phosphate. Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing the Group, an analysis using financial key performance indicators, and an indication of likely future developments in the Group's business, can be found in the sections of "Management Review and Prospect" and "Management's Discussion and Analysis" of the annual report. In addition, a discussion on the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, and the Group's key relationships with its employees, customers and suppliers, can be found in the section of "Corporate Governance Report" of the annual report. These discussions form part of the Directors' Report.

An analysis of the Group's performance for the year by business segment is set out in note 4 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 110 to 111 of the annual report.

The Board recommended the payment of a final dividend of HK$0.0571 (equivalent to RMB0.0529) per share for the year ended 31 December 2024 (2023: HK$0.0491, equivalent to RMB0.0445) to the shareholders, estimated to be HK$401,096,000 (equivalent to approximately RMB371,255,000) out of the contributed surplus and retained earnings of the Company. It is expected that the relevant dividend will be paid by 25 July 2025 to those entitled, subject to shareholders' approval at the forthcoming annual general meeting.

FINANCIAL SUMMARY

A summary of the operating results and of the assets and liabilities of the Group for the last five financial years is set out on page 212 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the aggregate turnover from the Group's five largest customers were less than 30% of the Group's total turnover for the year; and the aggregate purchases from the Group's five largest suppliers represented less than 30% of the Group's total purchases for the year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group for the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company for the year are set out in note 35 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity from pages 115 to 116 of the annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2024, the Company's reserves available for distribution to shareholders, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to approximately RMB805,683,000 (2023: RMB814,510,000). The amount represented the credit standing in the contributed surplus and retained earnings of the Company as at 31 December 2024.

DONATIONS

During the year ended 31 December 2024, the Group had made approximately RMB323,000 charitable donations in cash and made donations of other items worth approximately RMB123,000.

DIRECTORS

The Directors of the Company for the year and up to the date of this report were:

Executive Directors

Mr. Wang Tielin *(Chief Executive Officer)*	*(appointed on 11 June 2024)*
Ms. Chen Shengnan	*(appointed on 11 June 2024)*
Ms. Wang Ling	
Mr. Wang Jun	*(resigned on 11 June 2024)*

Non-Executive Directors

Mr. Su Fu *(Chairman)*	*(appointed on 24 January 2024)*
Mr. Liu Hongsheng *(Former Chairman)*	*(resigned on 24 January 2024)*

Independent Non-Executive Directors

Mr. Ko Ming Tung, Edward	
Mr. Lu Xin	
Mr. Sun Po Yuen	*(appointed on 7 June 2024)*
Mr. Tse Hau Yin, Aloysius	*(retired on 7 June 2024)*

In accordance with the Bye-laws of the Company, Ms. Wang Ling and Mr. Ko Ming Tung, Edward will retire at the forthcoming annual general meeting of the Company and being eligible, offer themselves for re-election. In addition, newly appointed directors, Mr. Wang Tielin and Ms. Chen Shengnan, shall hold office until the forthcoming annual general meeting in accordance with the Bye-laws of the Company, and shall be eligible for re-election.

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Company are set out on pages 47 to 51 of the annual report.

DISCLOSURE OF INFORMATION OF DIRECTORS

Pursuant to the disclosure requirements under rule 13.51B(1) of the Listing Rules on the Stock Exchange, the changes/update of information of Directors during the year ended 31 December 2024 and up to the date of this report are as follows:

1. The total cash compensation received/receivable by Executive Directors of the Company for the year ended 31 December 2024 are set out in note 10 to the consolidated financial statements.

2. Mr. Su Fu, a Non-executive Director of the Company, was appointed as the director and chairman of the board of directors of Jiangsu Yangnong Chemical Co., Ltd., a company listed on the Shanghai Stock Exchange under stock code 600486 in February 2024, and was appointed as the executive director of Syngenta Group Modern Agricultural Technology Co., Ltd. in March 2024, the companies of which are the indirect controlled subsidiaries of Sinochem Holdings, the ultimate controlling shareholder of the Company.

3. Mr. Ko Ming Tung, Edward, an Independent Non-executive Director of the Company, was appointed as an independent non-executive director of China Vered Financial Holding Corporation Limited, a company listed on the main board of the Stock Exchange, on 22 March 2024.

4. Ms. Wang Ling, an Executive Director of the Company, was re-designated as the vice chairman of the supervisory board of Qinghai Salt Lake Industry Co., Ltd., a company listed on the Shenzhen Stock Exchange under stock code 000792, in May 2024.

5. Mr. Sun Po Yuen, an Independent Non-executive Director of the Company, was appointed as an independent non-executive director of Jolimark Holdings Limited, a company listed on the main board of the Stock Exchange, on 27 May 2024, and retired from his directorships in FWD Group Limited and FWD Management Holdings Limited in February 2025.

6. Mr. Wang Tielin, an Executive Director and the Chief Executive Officer of the Company, was appointed as an executive director and general manager of Sinochem Agricultural Ecological (Hainan) Co., Ltd., an indirect wholly-owned subsidiary of the Company, and the director and general manager of Sinochem (United Kingdom) Limited, an indirect wholly-owned subsidiary of Sinochem Holdings (the ultimate controlling shareholder of the Company), in July 2024.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2024, the Company had issued formal letters of appointment to the Directors of the Company, setting out key terms and conditions of their appointment and in compliance with the code provision C.3.3 as set out in the Corporate Governance Code.

Save as disclosed above, as at 31 December 2024, none of the Directors has a service contract with the Company.

DIRECTORS' INTERESTS IN THE SHARES

As at 31 December 2024, the interests of the Directors and chief executives in the Shares, share options, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were disclosed below.

As at 31 December 2024, the following Directors of the Company had long position in the ordinary shares of HK$0.1 each of the Company:

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Lu Xin	Beneficial owner	2,900,000	0.041%

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, share options, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than disclosed above, at no time during the year and as at 31 December 2024, was the Company or any of its subsidiaries or holding companies or the subsidiaries of the holding companies a party to any arrangement the object of which is to enable the Directors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of Shares in, or debt securities of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, other than the Directors or chief executives of the Company, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company:

Name of shareholder	Number of issued ordinary Shares held – Long position	Percentage of the issued share capital of the Company
Sinochem Holdings Corporation Ltd. ("Sinochem Holdings") *(Note 1)*	3,698,660,874	52.65%
China National Chemical Corporation Limited ("ChemChina") *(Note 1)*	3,698,660,874	52.65%
Syngenta Group Co., Ltd. ("Syngenta Group") *(Note 1)*	3,698,660,874	52.65%
Syngenta Group (HK) Holdings Company Limited ("Syngenta HK") *(Note 2)*	3,698,660,874	52.65%
Nutrien Ltd. *(Note 3)*	1,402,554,141	19.97%
Potash Corporation of Saskatchewan Inc. ("Potash Corporation") *(Note 3)*	1,402,554,141	19.97%
PCS (Barbados) Investment Company Limited ("PCS") *(Note 4)*	1,402,554,141	19.97%

Notes:

1. Syngenta HK is a wholly-owned subsidiary of Syngenta Group Co., Ltd. (先正達集團股份有限公司), which is in turn wholly owned by China National Agrochemical Co., Ltd. (中國化工農化有限公司) ("CNAC"). CNAC is a wholly-owned subsidiary of China National Chemical Corporation Limited (中國化工集團有限公司), which in turn is a wholly-owned subsidiary of Sinochem Holdings Corporation Ltd.. Accordingly, Sinochem Holdings, ChemChina, CNAC and Syngenta Group are deemed to be interested in 3,698,660,874 ordinary Shares of the Company, being corporate interest beneficially held by Syngenta HK.

2. Syngenta HK was beneficially interested in 3,698,660,874 ordinary Shares of the Company.

3. PCS is a wholly-owned subsidiary of PCS (Barbados) Enterprise SRL, which is in turn wholly owned by Potash Corporation. Potash Corporation is wholly owned by PCS Acquisition Co ULC, which is in turn wholly owned by Nutrien Ltd. Accordingly, Nutrien Ltd., PCS Acquisition Co ULC, Potash Corporation and PCS (Barbados) Enterprise SRL are deemed to be interested in 1,402,554,141 ordinary Shares of the Company, being corporate interest beneficially held by PCS.

4. PCS was beneficially interested in 1,402,554,141 ordinary Shares of the Company.

Save as disclosed above, other than the Directors or chief executives of the Company, the Company has not been notified of any other relevant interests or short positions held by any other person in the issued share capital of the Company as at 31 December 2024, which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

DIRECTORS OR THEIR ASSOCIATED ENTITIES' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as disclosed herein, no other transactions, arrangements or contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company or any of their associated entities had a material interest, whether directly or indirectly, were subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, Ms. Chen Shengnan and Ms. Wang Ling, the Executive Directors of the Company, are directors of the board of directors and/or members of the supervisory board of Qinghai Salt Lake. Qinghai Salt Lake is a joint stock limited liability company incorporated in the PRC whose shares are traded on the Shenzhen Stock Exchange (stock code: 000792). The principal activities of Qinghai Salt Lake include the development, production and sale of potassium chloride (a form of potash), and the comprehensive development and utilization of salt lake resources.

As at 31 December 2024, the board of directors of Qinghai Salt Lake consists of 13 directors. Ms. Chen Shengnan and Ms. Wang Ling were not involved in the daily production, sale, operation or management of Qinghai Salt Lake. Ms. Chen Shengnan has extensive experience in international resource acquisition, marketing management and team management. Ms. Wang Ling has extensive experience in finance, financial affairs, taxation and property rights management. Each of Ms. Chen Shengnan and Ms. Wang Ling is aware of her duties and responsibilities as the Director and senior management member of the Company, and is able to devote sufficient time to the business of the Group. The Company believes that Ms. Chen Shengnan and Ms. Wang Ling had exercised her independent judgment in making decisions at the Board meetings and act in the interest of the Group.

Save as disclosed above, during the year ended 31 December 2024 and up to the date of this report, none of the Directors of the Company and their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTIONS

Note: Unless otherwise defined in this section or other sections in this annual report, the definitions of the companies and certain specific terms included in this section shall have the same meaning assigned to them in the respective announcements or circulars. The shareholding relationships and the Listing Rules implications mentioned in this section refer to the circumstances as at the date of entering into the respective connected transactions and/or continuing connected transactions.

I. One-off Connected Transactions

For the year ended 31 December 2024, the Group conducted the following one-off connected transactions that are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

1. *Contract for the Intelligent Drip Irrigation Project entered into between Sinochem Linyi and Sinochem Environment Shandong*

On 25 March 2024, Sinochem Linyi and Sinochem Environment Shandong entered into the Contract for the Intelligent Drip Irrigation Project, pursuant to which Sinochem Linyi agreed to provide Sinochem Environment Shandong with the equipment required for the Intelligent Drip Irrigation Project, as well as services such as the installation/installation guidance, commissioning/commissioning guidance in relation to such equipment under the project, at the Consideration of RMB11,905,887.40.

Sinochem Linyi is an indirect wholly-owned subsidiary of the Company. Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. Sinochem Environment Shandong is an indirect subsidiary of Sinochem Holdings, and is also a connected person of the Company. As such, the transaction between Sinochem Linyi and Sinochem Environment Shandong contemplated under the Contract for the Intelligent Drip Irrigation Project constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transaction contemplated under the Contract for the Intelligent Drip Irrigation Project are more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transaction, please refer to the announcement of the Company dated 25 March 2024.

2. Asset Transfer Contract entered into between Sinochem Fertilizer and ETEXE

In order to facilitate the transformation and upgrade of the Group, and to enhance the operation efficiency, Sinochem Fertilizer intended to sell its nitrogen fertilizer business unit, including one patent and 14 trademarks, the human resources and supply and sales relationship, as well as other relevant intangible assets ("Target Assets"). On 30 December 2021, the above Target Assets had been listed for sale on China Beijing Equity Exchange Co., Ltd. ETEXE had won the bid for the aforementioned Target Assets to be disposed of by Sinochem Fertilizer through the public listing-for-sale process at a consideration of RMB41,520,700. On 10 April 2024, Sinochem Fertilizer (as the seller) and ETEXE (as the purchaser) entered into the Asset Transfer Contract in respect of the aforementioned Disposal.

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. ETEXE is owned as to 31.5% by Sinochem Fertilizer and 17.5% by Sinochem Capital Investment, a subsidiary of Sinochem Holding, and is therefore an associated company of the Company. As Sinochem Holdings hold over 30% equity interest in ETEXE through the Group, and over 10% equity interest in ETEXE through its subsidiary Sinochem Capital Investment, ETEXE is an associate of Sinochem Holdings and also a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the Disposal are more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned Disposal, please refer to the announcements of the Company dated 30 December 2021 and 10 April 2024.

3. Contract for the Electrical Equipment Renovation Project entered into among Sinochem Yunlong, CBLE and Yunnan Qiangshi

On 25 October 2024, Sinochem Yunlong, CBLE and Yunnan Qiangshi entered into the Contract for the Electrical Equipment Renovation Project, pursuant to which, Sinochem Yunlong has engaged CBLE and Yunnan Qiangshi to conduct the renovation work regarding the electrical equipment of the concentration section, sewage circulation section and MDCP section of Sinochem Yunlong at a total consideration of RMB15,151,022.8.

Sinochem Yunlong is an indirect wholly-owned subsidiary of the Company. CBLE, an indirect subsidiary of Sinochem Holdings, is also a connected person of the Company. As such, the transaction contemplated under the Contract for the Electrical Equipment Renovation Project constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transaction contemplated under the Contract for the Electrical Equipment Renovation Project are more than 0.1% but less than 5%, such transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforesaid transactions, please refer to the announcement of the Company dated 25 October 2024.

II. Continuing Connected Transactions

For the year ended 31 December 2024, the Group's continuing connected transactions are listed below, which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the following continuing connected transactions. During the year, the Company have followed the pricing policies and guidelines formulated at the time when such transactions were entered into.

1. Agricultural Products Purchase and Sale Framework Agreement entered into between Sinochem Fertilizer and Sinochem Holdings

On 22 November 2021, Sinochem Fertilizer entered into the Agricultural Products Purchase and Sale Framework Agreement with Sinochem Holdings, pursuant to which Sinochem Fertilizer would purchase from and/or sell to subsidiaries of Sinochem Holdings certain agricultural products, including fertilizers (such as nitrogen fertilizer, phosphate fertilizer, potash fertilizer and compound fertilizer), agrichemicals (such as pesticide, fungicide and herbicide) and seeds within the PRC during the period from 1 January 2022 to 31 December 2024 (both days inclusive). Pursuant to the Agricultural Products Purchase and Sale Framework Agreement, prices of agricultural products shall be determined with reference to the fair market prices of the products within the PRC at the time when Sinochem Fertilizer or the relevant subsidiary of Sinochem Holdings submits its purchase plan for the relevant products.

For the three years ended 31 December 2024, the annual caps in respect of the purchase of agricultural products by Sinochem Fertilizer from subsidiaries of Sinochem Holdings are RMB410,000,000, RMB975,000,000 and RMB1,326,000,000, respectively, and the annual caps in respect of the sale of agricultural products by Sinochem Fertilizer to subsidiaries of Sinochem Holdings are RMB2,260,000,000, RMB3,430,000,000 and RMB4,480,000,000, respectively.

Sinochem Holdings is the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. As such, the transactions contemplated under the Agricultural Products Purchase and Sale Framework Agreement constitute continuing connected transactions of the Company. Given that the applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the Agricultural Products Purchase and Sale Framework Agreement are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcements dated 22 November 2021 and 31 July 2023 and the circulars dated 13 December 2021 and 25 August 2023 of the Company. The continuing connected transactions under the Agricultural Products Purchase and Sale Framework Agreement have been approved by the independent shareholders of the Company at the special general meetings of the Company held on 29 December 2021 and 12 September 2023, respectively.

On 2 December 2024, Sinochem Fertilizer renewed the Agricultural Products Purchase and Sale Framework Agreement with Sinochem Holdings, with a term from 1 January 2025 to 31 December 2027 (both days inclusive). For the three years ending 31 December 2027, the annual caps in respect of the purchase of agricultural products by Sinochem Fertilizer from subsidiaries of Sinochem Holdings will be RMB965,000,000, RMB1,113,000,000 and RMB1,307,000,000, respectively, and the annual caps in respect of the sale of agricultural products by Sinochem Fertilizer to subsidiaries of Sinochem Holdings will be RMB1,119,000,000, RMB1,244,000,000 and RMB1,328,000,000, respectively. The aforementioned continuing connected transactions and annual caps were approved by the Board on 2 December 2024, and were subsequently approved by the independent shareholders of the Company at the special general meeting of the Company held on 30 December 2024. For details, please refer to the announcement dated 2 December 2024 and the circular dated 13 December 2024 of the Company.

2. Fertilizer Import Framework Agreement entered into between the Company, Sinochem Fertilizer and Sinochem Group

On 22 November 2021, the Company and Sinochem Fertilizer entered into the Fertilizer Import Framework Agreement with Sinochem Group, pursuant to which Sinochem Group would import fertilizer and other fertilizer raw materials sourced by overseas subsidiaries of the Company and sell them to Sinochem Fertilizer (or other domestic subsidiaries of the Company) during the period from 1 January 2022 to 31 December 2024 (both days inclusive).

Under the Fertilizer Import Framework Agreement, the pricing principles for the sale and purchase of fertilizer and other fertilizer raw materials between the parties are as follows: (i) the price to be paid by Sinochem Group to overseas subsidiaries of the Company for fertilizer and other fertilizer raw materials sold by overseas subsidiaries of the Company to Sinochem Group shall be determined in accordance with the prevailing international market price; (ii) the price to be paid by Sinochem Fertilizer (or other domestic subsidiaries of the Company) to Sinochem Group for fertilizer and other fertilizer raw materials (excluding sulphur, the pricing basis of which is set out in (iii) below) sold by Sinochem Group to Sinochem Fertilizer (or other domestic subsidiaries of the Company) shall be determined in accordance with the purchase price paid by Sinochem Group plus the import costs incurred by Sinochem Group; and (iii) the price to be paid by Sinochem Fertilizer (or other domestic subsidiaries of the Company) to Sinochem Group for sulphur sold by Sinochem Group to Sinochem Fertilizer (or other domestic subsidiaries of the Company) shall be determined in accordance with the prevailing domestic price at port.

For the three years ended 31 December 2024, the annual caps in respect of the purchase of fertilizer and other fertilizer raw materials by Sinochem Group from overseas subsidiaries of the Company are US$2,000,000,000, US$2,168,000,000 and US$2,345,000,000, respectively, and the annual caps in respect of the sale of fertilizer and other fertilizer raw materials by Sinochem Group to Sinochem Fertilizer (or other domestic subsidiaries of the Company) are RMB13,135,000,000, RMB14,321,000,000 and RMB15,523,000,000, respectively.

Sinochem Group is a wholly-owned subsidiary of Sinochem Holdings, and is therefore a connected person of the Company. As such, the transactions contemplated under the Fertilizer Import Framework Agreement constitute continuing connected transactions of the Company. Given that the applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the Fertilizer Import Framework Agreement are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement dated 22 November 2021 and the circular dated 13 December 2021 of the Company. The continuing connected transactions under the Fertilizer Import Framework Agreement have been approved by the independent shareholders of the Company at the special general meeting of the Company held on 29 December 2021.

On 2 December 2024, the Company and Sinochem Fertilizer renewed the Fertilizer Import Framework Agreement with Sinochem Group, for a term from 1 January 2025 to 31 December 2027 (both days inclusive). For the three years ending 31 December 2027, the annual caps in respect of the sale of fertilizer and other fertilizer raw materials procured from the overseas subsidiaries of the Company to Sinochem Group will be US$1,297,000,000, US$1,410,000,000 and US$1,511,000,000, respectively, and the annual caps in respect of the purchase of fertilizer and other fertilizer raw materials by Sinochem Fertilizer (or other domestic subsidiaries of the Company) from Sinochem Group will be RMB9,744,000,000, RMB10,579,000,000 and RMB11,335,000,000, respectively. The aforementioned continuing connected transactions and annual caps were approved by the Board on 2 December 2024, and were subsequently approved by the independent shareholders of the Company at the special general meeting of the Company held on 30 December 2024. For details, please refer to the announcement dated 2 December 2024 and the circular dated 13 December 2024 of the Company.

3. Financial Services Framework Agreement and its Supplemental Agreements entered into between the Company and Sinochem Finance

On 24 August 2021, the Company entered into the Financial Services Framework Agreement with Sinochem Finance, pursuant to which the Group would utilize the financial services available from Sinochem Finance as it deems necessary, including the Deposit Services, Loan Services, entrustment loan services, commercial bills of exchange services, buyer financing services, settlement services, guarantee services, internet banking services, and other financial services as approved by the CBIRC, for a term up to 31 December 2023, and the Group would pay relevant interest as well as service fees to, or collect interest on deposits from, Sinochem Finance in accordance with the Financial Services Framework Agreement. Except for the settlement services for which no service fee is payable by the Group, interest and fees payable for all the other services were determined based on the benchmark interest rates as promulgated by the PBOC from time to time, or with reference to those as offered by independent commercial banks.

On 5 August 2022 and 11 October 2023, the Company and Sinochem Finance entered into two supplemental agreements to revise the maximum daily outstanding balance of deposits placed by the Group with Sinochem Finance under the Financial Services Framework Agreement, and to renew the term of the Financial Services Framework Agreement, extending to the latest date of 31 December 2026.

For each of the three years ending 31 December 2026, the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance is RMB3,000,000,000, and the annual cap in respect of the Other Financial Services is RMB10,000,000.

Sinochem Finance is a subsidiary of Sinochem Holdings, and is therefore a connected person of the Company. As such, the transactions contemplated under the Financial Services Framework Agreement (as revised and renewed by the supplemental agreements) constitute continuing connected transactions of the Company. Given that the applicable percentage ratios in respect of the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement (as revised and renewed by the supplemental agreements) are more than 5%, the Deposit Services are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.90 of the Listing Rules, the Loan Services (excluding entrustment loans) provided by Sinochem Finance to the Group under the Financial Services Framework Agreement (as revised and renewed by the supplemental agreements) are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, as the Loan Services constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

Given that the applicable percentage ratios in respect of the annual caps of the Other Financial Services under the Financial Services Framework Agreement (as revised and renewed by the supplemental agreements) are more than 0.1% but less than 5%, the Other Financial Services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcements dated 24 August 2021, 5 August 2022 and 11 October 2023 and the circulars dated 14 September 2021, 14 September 2022 and 6 December 2023 of the Company. The continuing connected transactions under the Financial Services Framework Agreement (as revised and renewed by the supplemental agreements) have been approved by the independent shareholders of the Company at the special general meetings of the Company held on 30 September 2021, 29 September 2022 and 21 December 2023.

4. UK Service Agreement entered into between Sinochem Macao and Sinochem UK

On 13 December 2022, Sinochem Macao and Sinochem UK entered into the UK Service Agreement, pursuant to which Sinochem UK would provide local supplier relations and logistics services to Sinochem Macao in Europe at cost during the period from 1 January 2023 to 31 December 2025 (both days inclusive). Pursuant to the UK Service Agreement, the service fees payable by Sinochem Macao to Sinochem UK for different products imported by Sinochem Macao and in respect of which Sinochem UK has provided services shall range from US$0.5 to US$18 per tonne.

The annual cap in respect of the fees payable by Sinochem Macao to Sinochem UK under the UK Service Agreement for each of the three years ending 31 December 2025 is US$2,300,000.

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Sinochem UK is an indirect wholly-owned subsidiary of Sinochem Holdings, and is therefore a connected person of the Company. As such, the transactions contemplated under the UK Service Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the UK Service Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement dated 13 December 2022 of the Company.

5. MOU entered into between Sinochem Macao and Canpotex

On 10 July 2023, Sinochem Macao and Canpotex entered into the MOU, pursuant to which Sinochem Macao would purchase an annual volume of 500,000 tons of red standard grade potash from Canpotex for each of the three years ending 31 December 2025. In addition, if mutually agreed upon by the parties, Sinochem Macao would have the option to purchase from Canpotex further volumes up to 500,000 tons of potash per year. Pursuant to the MOU, prices of potash shall be determined through mutual negotiations between the parties with reference to prevailing international market potash prices and competitive sea import prices to the PRC.

For the three years ending 31 December 2025, the annual caps in respect of the continuing connected transactions contemplated under the MOU are US$210,000,000, US$240,000,000 and US$260,000,000, respectively.

As at the date of the MOU, Nutrien was an indirect substantial shareholder of the Company. Canpotex, owned as to 50% by Nutrien, is an associate of Nutrien, and is therefore a connected person of the Company. As such, the transactions contemplated under the MOU constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the relevant applicable percentage ratios in respect of the annual caps of the continuing connected transactions contemplated under the MOU are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement dated 10 July 2023 and the circular dated 23 August 2023 of the Company. The MOU has been approved by the independent shareholders of the Company at the special general meeting of the Company held on 12 September 2023.

The Company has been informed that, with effect from 14 March 2025, Nutrien, through its indirectly wholly-owned subsidiary PCS, ceased to hold 10% or more of the total issued shares of the Company. As such, Nutrien and Canpotex ceased to be connected persons of the Company, and the transactions between Sinochem Macao and Canpotex under the MOU no longer constitute continuing connected transactions of the Company with effect from 14 March 2025.

6. ***Information System Services Agreement entered into between Sinochem Fertilizer and Sinochem Information***

The system operation and maintenance services agreement for the year of 2023 entered into between Sinochem Fertilizer and Sinochem Information has expired on 31 December 2023. On 13 June 2024, Sinochem Fertilizer entered into the Information System Services Agreement with Sinochem Information, pursuant to which Sinochem Information will continue to provide information system services to Sinochem Fertilizer, including system operation and maintenance services, software licensing services, software procurement services and system improvement services, for the period up to 31 December 2024. Pursuant to the Information System Services Agreement, the fees for the services are determined after taking into account the estimated scope, duration and frequency of the services, budgeted costs of the relevant services, and the fees as may be charged in the market for comparable services.

For the year ended 31 December 2024, the annual cap in respect of the fees payable by Sinochem Fertilizer to Sinochem Information under the Information System Services Agreement was RMB10,000,000.

Sinochem Information is an indirect wholly-owned subsidiary of Sinochem Holdings and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Information System Services Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual cap for continuing connected transactions contemplated under the Information System Services Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement dated 13 July 2023 and 13 June 2024 of the Company.

7. ***New Sinochem Agriculture Agreement entered into between Sinochem Fertilizer and Sinochem Agriculture***

On 5 August 2022, Sinochem Fertilizer (as the lender) and Sinochem Agriculture (as the borrower) entered into the New Agreement for the Use of Fund, pursuant to which Sinochem Fertilizer agreed to provide the Fund in an amount of not more than RMB1,000,000,000 to Sinochem Agriculture. The interest rate of the Fund shall be the latest loan prime rate quotation (the "LPR") for one-year loan as published by the PBOC, less 70 basis points. The interest rate of the Fund shall be adjusted on a quarterly basis based on the latest one-year LPR.

On 11 October 2023, Sinochem Fertilizer (as the lender) and Sinochem Agriculture (as the borrower) entered into the New Sinochem Agriculture Agreement, pursuant to which Sinochem Fertilizer agreed to continue to provide the Fund in an amount of not more than RMB1,000,000,000 to Sinochem Agriculture. The interest rate of the Fund shall be the highest interest rate of the Comparable Loans obtained by Sinochem Agriculture from independent third-party banks one month prior to the date of release of such Fund. The New Sinochem Agriculture Agreement took effect from 1 January 2024 and remain in force until 31 December 2026. The abovementioned New Agreement for the Use of Fund were terminated and replaced by the New Sinochem Agriculture Agreement, after the latter comes into effect.

Sinochem Agriculture is an indirect wholly-owned subsidiary of Sinochem Holdings and is therefore a connected person of the Company. As such, the transactions under the New Agreement for the Use of Fund and the New Sinochem Agriculture Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the transactions under the New Agreement for the Use of Fund are more than 5%, and that the applicable percentage ratios in respect of the transactions under the New Sinochem Agriculture Agreement and the CNSG Agreement as mentioned below in aggregate are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcements dated 5 August 2022 and 11 October 2023 and the circulars dated 14 September 2022 and 6 December 2023 of the Company. The transactions under the New Agreement for the Use of Fund and the New Sinochem Agriculture Agreement have been approved by the independent shareholders of the Company at the special general meetings of the Company held on 29 September 2022 and 21 December 2023.

8. CNSG Agreement entered into between Sinochem Fertilizer and CNSG

On 11 October 2023, Sinochem Fertilizer (as the lender) and CNSG (as the borrower) entered into the CNSG Agreement, pursuant to which Sinochem Fertilizer agreed to provide the Fund in an amount of not more than RMB500,000,000 to CNSG. The interest rate of the Fund shall be the highest interest rate of the Comparable Loans obtained by CNSG from independent third-party banks one month prior to the date of release of such Fund. The CNSG Agreement took effect from 1 January 2024 and remain in force until 31 December 2026.

CNSG is a wholly-owned subsidiary indirectly held by Sinochem Holdings (through Syngenta Group), and is therefore a connected person of the Company. As such, the transactions contemplated under the CNSG Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the transactions under the New Sinochem Agriculture Agreement as mentioned above and the CNSG Agreement in aggregate are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement dated 11 October 2023 and the circular dated 6 December 2023 of the Company. The transactions under the CNSG Agreement have been approved by the independent shareholders of the Company at the special general meetings of the Company held on 21 December 2023.

9. *Project Design and Consulting Services Framework Agreement entered into between Sinochem Yunlong and CBLE*

On 3 April 2024, Sinochem Yunlong and CBLE entered into the Project Design and Consulting Services Framework Agreement, pursuant to which CBLE agreed to provide Sinochem Yunlong with construction drawing design and consulting services in relation to all sporadic projects to be carried out in Sinochem Yunlong's production plant, during the period from 3 April 2024 to 31 March 2025 (both days inclusive). Pursuant to the Project Design and Consulting Services Framework Agreement, the pricing basis is determined through the public tender process. In order to ensure that the price is consistent with the normal commercial terms, Sinochem Yunlong has selected the service provider through the public tender process. Not less than three service providers participated in the tender and the tendering procedures were in compliance with regulations. During the tendering procedures, the factors that Sinochem Yunlong took into consideration included (i) the terms in the bidding document provided by bidders, including the bidding price and the response to the terms of the tender; (ii) the background, qualification and financial position of bidders; (iii) the estimated workload; (iv) the financial budget for the relevant services; and (v) the unit prices of contracts from previous tenders and the charging standards required by the national laws and regulations, and the fees limit was achieved based on the above and through the setting of a maximum bidding coefficient.

For the nine months ended 31 December 2024 and the three months ending 31 March 2025, the annual cap in respect of the fees payable by Sinochem Yunlong to CBLE under the Project Design and Consulting Services Framework Agreement was RMB5,000,000 and RMB500,000 respectively.

Sinochem Yunlong is an indirect wholly-owned subsidiary of the Company. CBLE is a subsidiary of Sinochem Holdings, and is also a connected person of the Company. Sinochem Yunlong and CBLE entered into the Electrical Retrofit Contract on 8 November 2023. The transactions under the Project Design and Consulting Services Framework Agreement and the Electrical Retrofit Contract constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios in respect of the transaction under the Electrical Retrofit Contract are less than 0.1%, the Electrical Retrofit Contract is fully exempt from the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules. Continuing connected transactions under the Project Design and Consulting Services Framework Agreement should be aggregated together with the Electrical Retrofit Contract. As the applicable percentage ratios in respect of the annual cap amount of transactions, on an aggregate basis, are more than 0.1% but less than 5%, the transactions under the Project Design and Consulting Services Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement of the Company dated 3 April 2024.

III. The annual caps approved for and the actual transacted amount of the continuing connected transactions of the Group for the year ended 31 December 2024 are set out below:

Name of Transactions	Currency	For the year ended 31 December 2024 Annual caps ('000)	 Annual transacted amount ('000)
1. Agricultural Products Purchase and Sale Framework Agreement entered into between Sinochem Fertilizer and Sinochem Holdings			
(i) Purchase of agricultural products from subsidiaries of Sinochem Holdings	RMB	1,326,000	601,735
(ii) Sale of agricultural products to subsidiaries of Sinochem Holdings	RMB	4,480,000	1,122,722
2. Fertilizer Import Framework Agreement entered into between the Company, Sinochem Fertilizer and Sinochem Group			
(i) Sale of fertilizer and other fertilizer raw materials procured by the overseas subsidiaries of the Company to Sinochem Group	USD	2,345,000	687,549
(ii) Purchase of fertilizer and other fertilizer raw materials by Sinochem Fertilizer (or other domestic subsidiaries of the Company) from Sinochem Group	RMB	15,523,000	4,944,842
3. Financial Services Framework Agreement and its Supplemental Agreements entered into between the Company and Sinochem Finance			
(i) Maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance	RMB	3,000,000	2,850,000
(ii) Other Financial Services provided by Sinochem Finance (other than loans provided to the Group)	RMB	10,000	381
4. UK Service Agreement entered into between Sinochem Macao and Sinochem UK	USD	2,300	1,652
5. MOU entered into between Sinochem Macao and Canpotex for the purchase of potash from Canpotex	USD	240,000	69,468
6. Information System Services Agreement entered into between Sinochem Fertilizer and Sinochem Information	RMB	10,000	9,754

Name of Transactions	Currency	For the year ended 31 December 2024 Annual caps *('000)*	Annual transacted amount *('000)*
7. New Sinochem Agriculture Agreement entered into between Sinochem Fertilizer and Sinochem Agriculture for the provision of Fund to Sinochem Agriculture	RMB	1,000,000	800,000
8. CNSG Agreement entered into between Sinochem Fertilizer and CNSG for the provision of Fund to CNSG	RMB	500,000	–
9. Project Design and Consulting Services Framework Agreement entered into between Sinochem Yunlong and CBLE	RMB	5,000 *(note)*	2,857

Note: For the nine months ended 31 December 2024

The Company confirmed that the entering into and implementation of specific agreements in relation to the above continuing connected transactions for 2024 are in compliance with the pricing principles of such continuing connected transactions.

Transactions with joint ventures, associates and other related parties, which are disclosed as related party disclosures in note 41 to the consolidated financial statements of the annual report, do not fall under the definition of connected transactions or continuing connected transactions or were fully exempt under Chapter 14A of the Listing Rules and thus are not disclosed above.

Save as disclosed, there are no other connected transactions or continuing connected transactions of the Company which require disclosure in accordance with the Listing Rules.

IV. Confirmation from Independent Non-executive Directors

In the opinion of the Independent Non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2024 have been entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms or better; and
- according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

V. Confirmation from independent auditor in respect of the continuing connected transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing the auditor's findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

The Board has received a letter from the independent auditor of the Company in respect of the above disclosed continuing connected transactions, which stated that:

- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;

- for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

- with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

CONTRACTS OF SIGNIFICANCE BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER

During the year and up to the date of this report, Sinochem Holdings is the ultimate controlling shareholder of the Company. The contracts of significance between the Company and/or its subsidiaries with the controlling shareholder and/or its subsidiaries during the year are disclosed in details in the section headed "Connected Transactions" in this Directors' Report.

MAJOR DISCLOSEABLE EVENTS

Save for the disclosures in this report, the Company had no other major discloseable events during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY' LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the year. During the year ended 31 December 2024 and up to the date of this report, the Company did not hold any treasury shares (including any treasury shares held or deposited in Central Clearing and Settlement System).

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float exceeding 25% of its issued share capital throughout the year ended 31 December 2024 and up to the date of this report.

REMUNERATION POLICY

The emoluments of the Directors of the Company are reviewed by the Remuneration Committee of the Company from time to time with reference to the qualifications, responsibilities, experience and performance of the individual Directors, and the overall operating results and strategic advancement of the Group. Details of the remuneration policy of the Group are set out in the "Corporate Governance Report" on page 63.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Group are set out in note 43 to the consolidated financial statements.

HOUSING FUNDS

The Group strictly complied with the regulations of the relevant region in respect of the contribution to the housing funds for its employees.

PERMITTED INDEMNITY PROVISION

The Company has arranged directors and officers' liabilities insurance which provides comprehensive protection for the Group's business by covering losses in relation to the investigations or claims against the Company's Directors and officers. As at the date of this report and during the year ended 31 December 2024, the permitted indemnity provision for the benefit of the Company's Directors and officers remained in force.

POST BALANCE SHEET EVENT

There was no significant event occurred after the balance sheet date.

AUDITOR

The Company appointed KPMG as auditor of the Company for the year ended 31 December 2024.

For and on behalf of the Board

Su Fu
Chairman of the Board

Hong Kong, 25 March 2025

Independent auditor's report to the shareholders of
Sinofert Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Sinofert Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 110 to 211, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Revenue recognition

Refer to note 4 to the consolidated financial statements and the accounting policies in note 2(x).

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is principally generated from the sale of fertilizer. The timing of revenue recognition depends on the terms of individual sales transactions and revenue is generally recognized when fertilizers are collected by the customers from the Group's premises or when the products are delivered to the location designated by customers, which is taken to be the point in time when the control of the goods have passed to customers. We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and the significance number of customers involved and range of contractual terms with customers increase the risk that revenue may not be accurately recognized upon the control of the goods being transferred.	Our audit procedures to assess the recognition of revenue included the following: • understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the Group's systems which govern the revenue recognition; • inspecting sales contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue; • comparing sales transactions recorded around the year end, on a sample basis, with the underlying goods delivery notes to assess if the related revenue had been recognized in the appropriate accounting period; and • identifying journal entries with specific risk criteria relating to revenue which were raised during the year, enquiring of management the reasons for such adjustments and inspecting underlying documentation.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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

The engagement partner on the audit resulting in this independent auditor's report is Cheung Tsz Chung.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 *RMB'000*	2023 *RMB'000*
Revenue	*4(a)*	**21,264,854**	21,728,120
Cost of sales		**(18,721,016)**	(19,468,573)
Gross profit		**2,543,838**	2,259,547
Other income and gains	*5*	**236,762**	339,782
Selling and distribution expenses		**(608,101)**	(581,849)
Administrative expenses		**(757,104)**	(641,812)
Other expenses and losses	*7(a)*	**(357,452)**	(389,945)
Profit from operations		**1,057,943**	985,723
Share of results of associates		**36,346**	(60,609)
Share of results of joint ventures		**187,100**	185,387
Impairment of interests in an associate		**–**	(194,624)
Finance costs	*6*	**(57,379)**	(69,642)
Profit before taxation	*7(b)*	**1,224,010**	846,235
Income tax	*8(a)*	**(149,019)**	(162,119)
Profit for the year		**1,074,991**	684,116
Profit for the year attributable to:			
– Owners of the Company		**1,061,480**	625,549
– Non-controlling interests		**13,511**	58,567
		1,074,991	684,116

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Profit for the year		**1,074,991**	684,116
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		**(57,636)**	(18,488)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas operations		**16,770**	4,343
Other comprehensive income for the year	*9*	**(40,866)**	(14,145)
Total comprehensive income for the year		**1,034,125**	669,971
Total comprehensive income attributable to:			
– Owners of the Company		**1,020,614**	611,404
– Non-controlling interests		**13,511**	58,567
		1,034,125	669,971
Earnings per share			
Basic and diluted (RMB)	*13*	**0.1511**	0.0891

The notes on pages 120 to 211 form part of these financial statements. Details of dividends payable to equity shareholders of the Company for the year are set out in note 12.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024
(Expressed in RMB)

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment	*14*	**4,531,219**	4,580,075
Right-of-use assets	*15*	**698,789**	698,589
Mining rights	*16*	**265,276**	292,527
Intangible assets	*17*	**34,942**	10,198
Goodwill	*18*	**861,053**	854,137
Interests in associates	*19*	**359,690**	335,821
Interests in joint ventures	*20*	**797,889**	773,035
Other equity securities	*21*	**87,522**	164,353
Loan to an associate	*22*	**–**	–
Prepayments for acquisition of property, plant and equipment		**12,103**	52,752
Time deposits	*28*	**1,262,193**	–
Deferred tax assets	*34*	**86,763**	55,527
Other long-term assets		**28,858**	37,547
		9,026,297	7,854,561
Current assets			
Inventories	*23*	**5,225,191**	5,683,619
Trade and bills receivables	*24*	**292,574**	469,532
Other receivables and prepayments	*25*	**1,803,090**	2,032,441
Other current assets	*26*	**929,541**	895,995
Loans to a fellow subsidiary	*27*	**300,000**	800,000
Other financial assets		**–**	13,046
Restricted bank deposits	*28*	**30,155**	326,574
Time deposits	*28*	**706,831**	–
Cash and cash equivalents	*28*	**3,103,537**	3,907,133
		12,390,919	14,128,340

At 31 December 2024
(Expressed in RMB)

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and bills payables	*29*	**3,287,471**	3,771,752
Contract liabilities	*30*	**4,229,800**	4,797,013
Other payables and provision	*31*	**1,119,432**	1,409,151
Bank and other borrowings	*32*	**872,681**	588,013
Lease liabilities	*33*	**26,557**	24,514
Tax liabilities		**77,044**	41,378
		9,612,985	10,631,821
Net current assets		**2,777,934**	3,496,519
Total assets less current liabilities		**11,804,231**	11,351,080
Non-current liabilities			
Bank and other borrowings	*32*	**943,865**	1,200,845
Lease liabilities	*33*	**27,113**	15,596
Deferred income		**67,208**	76,065
Deferred tax liabilities	*34*	**110,339**	119,446
Other long-term liabilities		**20,588**	20,344
		1,169,113	1,432,296
NET ASSETS		**10,635,118**	9,918,784

At 31 December 2024
(Expressed in RMB)

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
CAPITAL AND RESERVES			
Issued equity	*35*	**5,887,384**	5,887,384
Reserves		**4,529,882**	3,824,059
Total equity attributable to owners of the Company		**10,417,266**	9,711,443
Non-controlling interests		**217,852**	207,341
TOTAL EQUITY		**10,635,118**	9,918,784

The consolidated financial statements on pages 110 to 211 were approved and authorized for issue by the board of directors on 25 March 2025 and are signed on its behalf by:

Wang Tielin
Director

Wang Ling
Director

The notes on pages 120 to 211 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Expressed in RMB)

		Attributable to owners of the Company										
	Note	Issued equity *RMB'000*	Capital and other reserve *RMB'000* *(note a)*	Statutory reserve *RMB'000* *(note b)*	Contributed surplus *RMB'000* *(note c)*	Fair value reserve (non-recycling) *RMB'000* *(note d)*	Special reserve *RMB'000* *(note e)*	Exchange reserve *RMB'000* *(note f)*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023		5,887,384	508,662	366,484	1,073,872	(173,887)	72,955	(634,144)	2,402,116	9,503,442	228,204	9,731,646
Profit for the year		–	–	–	–	–	–	–	625,549	625,549	58,567	684,116
Other comprehensive income for the year		–	–	–	–	(18,488)	–	4,343	–	(14,145)	–	(14,145)
Total comprehensive income for the year		–	–	–	–	(18,488)	–	4,343	625,549	611,404	58,567	669,971
Maintenance and production fund	*e*	–	–	–	–	–	8,320	–	(8,320)	–	–	–
Dividend declared	*12*	–	–	–	(403,403)	–	–	–	–	(403,403)	(79,430)	(482,833)
Balance at 31 December 2023 and 1 January 2024		**5,887,384**	**508,662**	**366,484**	**670,469**	**(192,375)**	**81,275**	**(629,801)**	**3,019,345**	**9,711,443**	**207,341**	**9,918,784**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,061,480**	**1,061,480**	**13,511**	**1,074,991**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**(57,636)**	**-**	**16,770**	**-**	**(40,866)**	**-**	**(40,866)**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**(57,636)**	**-**	**16,770**	**1,061,480**	**1,020,614**	**13,511**	**1,034,125**
Maintenance and production fund	*e*	**-**	**-**	**-**	**-**	**-**	**360**	**-**	**(360)**	**-**	**-**	**-**
Contribution from non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,500**	**8,500**
Disposal of a subsidiary	*36*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(11,500)**	**(11,500)**
Dividend declared	*12*	**-**	**-**	**-**	**(314,791)**	**-**	**-**	**-**	**-**	**(314,791)**	**-**	**(314,791)**
Balance at 31 December 2024		**5,887,384**	**508,662**	**366,484**	**355,678**	**(250,011)**	**81,635**	**(613,031)**	**4,080,465**	**10,417,266**	**217,852**	**10,635,118**

For the year ended 31 December 2024
(Expressed in RMB)

Notes:

a. Capital and other reserve comprises the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of shares issued by the holding companies as consideration for the Group restructuring transactions in previous years; contributions from/distributions to the then ultimate holding company, Sinochem Group Co., Ltd. ("Sinochem Group", established in the People's Republic of China (the "PRC")); the difference between the carrying amount of non-controlling interests acquired and the fair value of consideration paid; and the share of the investee's net assets changes, other than profit or loss or other comprehensive income and distributions received.

b. Statutory reserve comprises reserve fund and enterprise expansion fund. In accordance with relevant rules and regulations on foreign investment enterprise established in the PRC, the Company's PRC subsidiaries are required to transfer a portion of their profit after income tax to the reserve fund, until the accumulated amount of the fund reaches 50% of their registered capital. The appropriation to the enterprise expansion fund is solely determined by the board of directors of the subsidiaries in the PRC. Reserve fund and enterprise expansion fund may be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors.

c. Contributed surplus may be used to declare or pay a dividend or make a distribution by the Company in accordance with the Companies Act 1981 of Bermuda.

d. Fair value reserve (non-recycling) comprises the cumulative net change in the fair value, net of tax, of equity investments designated at fair value through other comprehensive income (FVOCI) under HKFRS 9, *Financial instruments* that are held at the end of reporting period.

e. Special reserve comprises the fund received which can only be utilized for energy saving and emission reduction projects, and the maintenance and production fund can be appropriated/utilized in accordance to relevant PRC regulations.

f. Exchange reserve comprises foreign currency differences arising from the translation of the financial statements presented in currencies other than RMB which are dealt with in accordance with the accounting policies as set out in note 2(y).

The notes on pages 120 to 211 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		**1,224,010**	846,235
Adjustments for:			
Share of results of associates		**(36,346)**	60,609
Share of results of joint ventures		**(187,100)**	(185,387)
Interest income from a fellow subsidiary		**(10,572)**	(11,872)
Interest income from time deposits		**(28,402)**	–
Other interest income		**(71,292)**	(98,869)
Fair value changes of forward foreign exchange contracts		**47,327**	(12,976)
Finance costs		**57,379**	69,642
Depreciation of property, plant and equipment		**360,459**	323,806
Depreciation of right-of-use assets		**52,535**	62,154
Amortization of mining rights		**27,251**	27,087
Amortization of intangible assets		**5,201**	3,187
Amortization of other long-term assets		**26,681**	16,490
Impairment of interests in an associate		**–**	194,624
Impairment of property, plant and equipment		**949**	–
Write-down/(reversal of write-down) of inventories		**43,894**	(10,791)
Reversal of impairment of trade and bills receivables		**(89)**	(4,942)
Impairment/(reversal of impairment) of other receivables		**4,779**	(93)
(Reversal of credit losses)/credit losses on financial guarantees issued		**(6,169)**	327,895
Provision of expected credit losses on loan to an associate	22	**167,667**	–
Impairment of other current assets		**19,500**	–
Gain on disposal of a subsidiary		**(1,397)**	–
Net gain on disposal of property, plant and equipment and others		**(60,864)**	(148,105)
Write-back of payables		**(3,388)**	(4,092)
Release of deferred income		**(9,857)**	(7,768)
Operating cash flows before movements in working capital		**1,622,156**	1,446,834
Decrease/(increase) in inventories		**424,706**	(59,012)
Decrease in trade and bills receivables		**75,352**	192,299
Decrease in other receivables and prepayments		**254,517**	129,876
Increase in deferred income		**24,090**	14,656
(Decrease)/increase in trade and bills payables		**(504,367)**	1,257,898
Decrease in other payables and contract liabilities		**(651,273)**	(373,679)
Increase in restricted deposits		**(9,426)**	(8,393)
Cash generated from operations		**1,235,755**	2,600,479
Income tax paid		**(193,527)**	(115,340)
Net cash generated from operating activities		**1,042,228**	2,485,139

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Investing activities			
Purchase of property, plant and equipment		(257,180)	(527,142)
Proceeds from disposal of property, plant and equipment and others		68,263	28,761
Acquisition of land use right		–	(105,500)
Acquisition of intangible assets		(431)	(558)
Additions of other long-term assets		(17,992)	(16,083)
Loans to a fellow subsidiary		(800,000)	(800,000)
Loan to an associate		(167,667)	–
Loans repaid by a fellow subsidiary		1,300,000	–
Placement of time deposits		(2,900,000)	–
Proceeds received upon maturity of time deposits		950,000	–
Interest income from time deposits		9,378	–
Other interest income		73,618	96,991
Proceeds from disposal of a subsidiary		8,928	–
Investment in an associate		(17,300)	–
Interest received from loans to a fellow subsidiary		10,572	11,872
Dividends received from associates		90,418	99,259
Dividends received from a joint venture		162,246	60,000
Increase of pledged deposits for financial guarantee provided to an associate		(15,881)	(305,845)
Net cash used in investing activities		(1,503,028)	(1,458,245)

For the year ended 31 December 2024
(Expressed in RMB)

	Note	2024 RMB'000	2023 RMB'000
Financing activities			
Repayment of bank loans	28(b)	(693,816)	(1,804,316)
Proceeds from new bank and other borrowings	28(b)	740,904	1,851,957
Capital element of lease rentals paid	28(b)	(39,175)	(49,305)
Interest element of lease rentals paid	28(b)	(2,876)	(2,281)
Other Interest paid	28(b)	(55,240)	(67,242)
Contribution from non-controlling interests		8,500	–
Dividends paid		(314,759)	(406,833)
Net cash used in financing activities		(356,462)	(478,020)
Net (decrease)/increase in cash and cash equivalents		(817,262)	548,874
Cash and cash equivalents at 1 January	28(a)	3,907,133	3,356,184
Effect of foreign exchange rate changes		13,666	2,075
Cash and cash equivalents at 31 December	28(a)	3,103,537	3,907,133

The notes on pages 120 to 211 form part of these financial statements.

1 GENERAL

Sinofert Holdings Limited (the "Company", together with its subsidiaries hereinafter collectively referred to as the "Group") is a limited company incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. Its immediate holding company is Syngenta Group (HK) Holdings Company Limited ("Syngenta (HK) Holdings", incorporated in Hong Kong) and its ultimate holding company is Sinochem Holdings Corporation Ltd. ("Sinochem Holdings"). These entities do not produce financial statements available for public use. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding. The Group is mainly engaged in manufacturing and selling of fertilizers and related products. Details of the Company's principal subsidiaries are set out in note 42.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– financial instruments classified as other equity securities (see note 2(g));

– derivative financial instruments (see note 2(h)); and

– bills receivable.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

The Company and subsidiaries incorporated in Hong Kong have their functional currency in Hong Kong dollars ("HK$") and subsidiaries established in the PRC and Macao Special Administrative Region ("Macao SAR") have their functional currencies in RMB and United States dollars ("US$"), respectively. As majority of the Group's operation are conducted by the Group's subsidiaries in the PRC, the consolidated financial statements are presented in RMB.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(n)(iii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(n)(iii)).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 2(n)(iii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 38(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(x)(iv)).

– FVOCI- recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.

– FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the equity investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income (see note 2(x)(iii)).

(h) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognized in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(i) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalized borrowing costs, less accumulated depreciation and any impairment losses (see note 2(n)(iii)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment are as follows:

Category	Useful lives
Buildings	20 – 40 years
Plant, machinery and equipment	10 – 14 years
Motor vehicles	8 years
Furniture and fixtures	4 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) Construction in progress

Construction in progress is stated at cost less impairment losses (see note 2(n)(iii)). Cost comprises direct costs of construction as well as interest expense capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

(k) Mining rights

Mining rights are stated at cost less accumulated amortization and impairment losses (see note 2(n)(iii)) and are amortized based on the units of production method utilizing only recoverable reserves as the depletion base.

(l) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 2(n)(iii)). Expenditure on internally generated goodwill and brands is recognized as an expense in the period in which it is incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets (other than goodwill) (continued)

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognized in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Software and others	5 – 10 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(m) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognizes a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (continued)

(i) As a lessee (continued)

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(n)(iii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognized in accordance with note 2(x)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(m)(i), then the Group classifies the sub-lease as an operating lease.

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognizes a loss allowance for ECLs on financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables and loan to an associate that are held for the collection of contractual cash flows which represent solely payments of principal and interest).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates if the effect is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

– the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

– the financial asset is 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being more than 90 days past due;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

– it is probable that the debtor will enter bankruptcy or other financial reorganization; and

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and impairment of assets (continued)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognized at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss.

The amount initially recognized as deferred income is subsequently amortized in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Credit losses and impairment of assets (continued)

(iii) Impairment of other assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU" s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable 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.

The Group take advantage of practical expedient in paragraph 94 of HKFRS15 and recognize the incremental costs of obtaining a contract as an expense if the amortization of the asset is less than one year.

(p) Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortized cost (see note 2(n)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(n)(i).

(r) Trade and other payables

Trade and other payables are initially recognized at fair value and subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2(x)). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2(p)).

(t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost using the effective interest method. Interest expense is recognized in accordance with note 2(z).

(u) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(v) Income tax

Income tax expense comprises current tax and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Provisions, and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognized for any expected reimbursement that would be virtually certain. The amount recognized for the reimbursement is limited to the carrying amount of the provision.

(x) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognized when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognized when the customers collect the goods from the Group's premises or when the products are delivered to the location designated by customers. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognized is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Revenue and other income (continued)

(i) Sale of goods (continued)

The goods can only be returned due to product quality issue. Because the number of return is extremely low in previous years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur.

(ii) Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(iv) Interest income

Interest income is recognized using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(v) Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. A government grant related to an asset is recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

– an investment in equity securities designated as at FVOCI;

– a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

– qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Translation of foreign currencies (continued)

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognized, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(aa) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies: (continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is apart, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies which are described in note 2, the directors of the Company have made judgments, estimates and assumptions. Significant judgments and sources of estimation uncertainty are as follows:

Impairment assessment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The Group considers the exploitation mining right of Mozushao Phosphate deposit can be extended before it expires on 3 March 2027 in the estimation of future cash flows to be generated from the Sinchem Yunlong Co., Ltd. ("Sinochem Yunlong") cash generating units (note18). Where the actual future cash flows are less than expected, a material impairment loss may arise. Details of the recoverable amount calculation are disclosed in note 18.

Provision of inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value of inventories is the expected selling price in the ordinary course of business, less estimated costs to completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. These estimates could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. The directors of the Company reassess these estimates at the end of each reporting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Revenue represents the sales value of fertilizers and related products. Disaggregation of revenue from contracts with customers by major products is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15 recognized at point in time		
Disaggregated by major products		
– Sales of potash fertilizer	3,939,159	5,250,381
– Sales of compound fertilizer	6,747,830	6,583,711
– Sales of phosphate fertilizer	6,659,719	5,638,764
– Sales of monocalcium/dicalcium phosphate ("MCP/DCP")	1,322,387	1,246,150
– Sales of special fertilizer	677,705	581,406
– Others	1,918,054	2,427,708
	21,264,854	21,728,120

No revenue from a single external customer accounts for 10% or more of the Group's revenue during both years.

The Group takes advantage of practical expedient in paragraph 121 of HKFRS 15 and does not disclose the remaining performance obligation as all of the Group's sales contracts have an original expected duration of less than one year.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) 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 as follows:

- Basic business: sales of strategically procured potash fertilizers, phosphate fertilizers and sulphur;
- Growth business: research, production and marketing of bio-compound fertilizers and special fertilizers, and sales of crop protection (products) and seeds through internal collaboration with Syngenta Group Co., Ltd. ("Syngenta Group"); and
- Production: production and sales business of Sinochem Yunlong, Sinochem Fuling Chongqing Industry Co., Ltd. ("Sinochem Fuling") and Sinochem Jilin Changshan Chemical Co., Ltd.

(i) Segment results

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned made by each segment without taking into account of unallocated share of results of associates and joint ventures, unallocated expenses/income and finance costs in relation to the unallocated bank and other borrowings. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment.

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

Given the production and trading of fertilizers are closely linked, the CODM considered segment assets and liabilities information was not relevant in assessing performance of and resources allocation to the operating segments. Such information was not reviewed by the CODM. As such, no segment assets and liabilities are presented.

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

2024	Basic business *RMB'000*	Growth business *RMB'000*	Production *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue					
External revenue	10,867,780	8,019,861	2,377,213	–	21,264,854
Internal revenue	3,178,870	2,834,735	2,915,474	(8,929,079)	–
Segment revenue	14,046,650	10,854,596	5,292,687	(8,929,079)	21,264,854
Share of results of associates	–	–	38,907	–	38,907
Segment profit	644,843	346,823	387,441	–	1,379,107
Unallocated share of results of associates					(2,561)
Unallocated share of results of joint ventures					187,100
Unallocated expenses					(487,286)
Unallocated income					147,650
Profit before taxation					1,224,010

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

2023	Basic business *RMB'000*	Growth business *RMB'000*	Production *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue					
External revenue	11,333,844	7,845,131	2,549,145	–	21,728,120
Internal revenue	1,898,126	2,907,604	2,376,219	(7,181,949)	–
Segment revenue	13,231,970	10,752,735	4,925,364	(7,181,949)	21,728,120
Share of results of associates	–	–	27,068	–	27,068
Segment profit	678,099	239,001	506,147	–	1,423,247
Unallocated share of results of associates					(87,677)
Unallocated share of results of joint ventures					185,387
Unallocated expenses					(803,087)
Unallocated income					128,365
Profit before taxation					846,235

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Other segment information

2024	Basic business *RMB'000*	Growth business *RMB'000*	Production *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measures of segment profit:					
Provision of expected credit losses on loan to an associate	–	–	–	(167,667)	(167,667)
Reversal of credit losses on financial guarantees issued	–	–	–	6,169	6,169
Write-down of inventories and impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income, net	(681)	(27,382)	(36,144)	(4,826)	(69,033)
Depreciation and amortization	(36,135)	(87,775)	(348,027)	(190)	(472,127)
Net gain/(loss) on disposal of property, plant and equipment and others	41,616	(1,152)	20,400	–	60,864
Gain on disposal of a subsidiary	–	–	1,397	–	1,397

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Other segment information (continued)

2023	Basic business *RMB'000*	Growth business *RMB'000*	Production *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measures of segment profit:					
Credit losses on financial guarantees issued	–	–	–	(327,895)	(327,895)
Reversal/(write-down) of inventories and impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income, net	16,418	(389)	(203)	(194,624)	(178,798)
Depreciation and amortization	(41,994)	(78,687)	(311,948)	(95)	(432,724)
Net (loss)/gain on disposal of property, plant and equipment	(17)	(55)	148,177	–	148,105

(iii) Geographical information

The Group's operations are mainly located in Mainland China and Macao SAR.

Information about the Group's revenue from its operations from external customers is presented based on the customers' location of incorporation/establishment. Information about the Group's non-current assets other than other equity securities and deferred tax assets is presented based on the geographical location of the assets.

	Revenue from external customers		**Non-current assets As at 31 December**	
	2024 ***RMB'000***	2023 *RMB'000*	**2024** ***RMB'000***	2023 *RMB'000*
Mainland China	**20,171,632**	20,676,931	**8,851,688**	7,633,823
Others	**1,093,222**	1,051,189	**324**	858
	21,264,854	21,728,120	**8,852,012**	7,634,681

5 OTHER INCOME AND GAINS

	Note	2024 *RMB'000*	2023 *RMB'000*
Rental income		**9,262**	9,252
Interest income from a fellow subsidiary		**10,572**	11,872
Interest income from time deposits		**28,402**	–
Other interest income		**71,292**	98,869
Fair value changes of other financial assets		**–**	12,976
Government grants	*(a)*	**7,657**	7,013
Release of deferred income		**9,857**	7,768
Insurance claims received		**3,104**	1,612
Write-back of payables		**3,388**	4,092
Net gain on disposal of property, plant and equipment and others		**60,864**	148,105
Gain on disposal of a subsidiary	*36*	**1,397**	–
Foreign exchange income		**6,907**	–
Others		**24,060**	38,223
		236,762	339,782

Note:

(a) Government grants mainly comprised payments from the government to support the business development of the Group entities in the PRC.

6 FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on borrowings	**54,503**	67,361
Interest on lease liabilities	**2,876**	2,281
	57,379	69,642

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Other expenses and losses

	2024	2023
	RMB'000	*RMB'000*
Impairment of property, plant and equipment	**949**	–
Reversal of impairment of trade and bills receivables	**(89)**	(4,942)
Provision of expected credit losses on loan to an associate *(note 22)*	**167,667**	–
(Reversal of credit losses)/credit losses on financial guarantees issued *(note 31)*	**(6,169)**	327,895
Impairment/(reversal of impairment) of other receivables	**4,779**	(93)
Write-down/(reversal of write-down) of inventories	**43,894**	(10,791)
Impairment of other current assets	**19,500**	–
Fair value changes of forward foreign exchange contracts	**47,327**	–
Foreign exchange loss	**–**	36,406
Loss on sales of semi-product, raw materials and scrapped materials	**47,079**	35,646
Others	**32,515**	5,824
	357,452	389,945

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Note	2024 RMB'000	2023 RMB'000
Director's emoluments	*10*	**5,688**	6,964
Other staff benefits	*a*	**1,083,330**	963,775
Total employee benefits expenses		**1,089,018**	970,739
Depreciation charge			
– owned property, plant and equipment		**360,459**	323,806
– right-of-use assets		**52,535**	62,154
Amortization of mining rights		**27,251**	27,087
Amortization of other long-term assets		**26,681**	16,490
Amortization of intangible assets		**5,201**	3,187
Auditors' remuneration		**3,617**	4,040
Expenses relating to short-term leases and leases of low value assets, which are not included in the measurement of lease liabilities		**13,136**	15,582
Cost of inventories	*b*	**18,764,910**	19,457,782

Notes:

a Contributions to retirement benefit scheme included in other staff benefits for the year ended 31 December 2024 amounted to RMB98,504,000 (2023: RMB87,658,000).

b Cost of inventories includes RMB665,626,000 (2023: RMB676,904,000) relating to staff costs, depreciation and amortization expenses, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 *RMB'000*	2023 *RMB'000*
Provision for the year	**(170,167)**	(120,193)
Deferred tax		
Origination and reversal of temporary differences	**21,148**	(41,926)
	(149,019)	(162,119)

(i) Pursuant to the income tax rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to income tax in Bermuda and the BVI.

(ii) The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year.

(iii) The provision for the PRC Enterprise Income Tax is based on the statutory rate of 25% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the year, except for certain subsidiaries of the Group which enjoy a preferential tax rate according to related tax policies.

(iv) The provision for Macao SAR Profits Tax for 2024 is calculated at 12% of the estimated assessable profits for the year (2023:12%).

(v) The provision for Singapore Profits Tax for 2024 is calculated at 17% (2023: 17%) of the estimated assessable profits for the year.

(vi) The Group operates in multiple jurisdictions, which will enact tax laws to implement the Pillar Two model rules published by the OECD in forthcoming years. So far the Pillar Two model didn't have a significant impact on the consolidated financial statements and no Pillar Two income tax was recognized during the year ended 31 December 2024.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 *RMB'000*	2023 *RMB'000*
Profit before taxation	**1,224,010**	846,235
Tax calculated at the applicable tax rate of 25%	**(306,003)**	(211,559)
Effect of different income tax rates	**110,911**	68,677
Tax effect of non-deductible expenses	**(2,991)**	(85,348)
Tax effect of non-taxable income	**2,159**	710
Tax effect of share of results of associates	**9,535**	(15,152)
Tax effect of share of results of joint ventures	**46,775**	46,347
Tax effect of utilization of prior years' tax losses and deductible temporary differences previously not recognized	**38,301**	99,455
Effect of tax losses and deductible temporary difference not recognized	**(47,706)**	(65,249)
Income tax expense for the year	**(149,019)**	(162,119)

9 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2024			2023		
	Before-tax amount *RMB'000*	Tax effect *RMB'000*	Net-of-tax amount *RMB'000*	Before-tax amount *RMB'000*	Tax effect *RMB'000*	Net-of-tax amount *RMB'000*
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	**(76,831)**	**(19,195)**	**(57,636)**	(24,651)	(6,163)	(18,488)
Exchange differences on translation of financial statements of overseas subsidiaries	**16,770**	**–**	**16,770**	4,343	–	4,343
	(60,061)	**(19,195)**	**(40,866)**	(20,308)	(6,163)	(14,145)

10 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

2024

	Fees *RMB'000*	Salaries and other benefits *RMB'000* *(note b)*	Performance related incentive payments *RMB'000* *(note a)*	Retirement benefits scheme contribution *RMB'000* *(note b)*	Total *RMB'000*
Chairmen and Non-executive directors					
Mr. Su Fu *(note c)*					
(appointed on 24 January 2024)	–	–	–	–	–
Mr. LIU Hongsheng *(note c)*					
(resigned on 24 January 2024)	–	–	–	–	–
Executive directors					
Mr. WANG Tielin (appointed on 11 June 2024)	–	692	–	41	733
Ms. Chen Shengnan *(note d)*					
(appointed on 11 June 2024)	–	619	–	39	658
Ms. WANG Ling	–	835	927	66	1,828
Mr. WANG Jun (resigned on 11 June 2024)	–	478	408	22	908
Independent non-executive directors					
Mr. KO Ming Tung, Edward	491	–	–	–	491
Mr. LU Xin	491	–	–	–	491
Mr. Sun Po Yuen (appointed on 7 June 2024)	327	–	–	–	327
Mr. TSE Hau Yin, Aloysius (retired on 7 June 2024)	252	–	–	–	252
	1,561	2,624	1,335	168	5,688

10 DIRECTORS' EMOLUMENTS (CONTINUED)

2023

	Fees *RMB'000*	Salaries and other benefits *RMB'000* *note (b)*	Performance related incentive payments *RMB'000* *(note a)*	Retirement benefits scheme contribution *RMB'000* *note (b)*	Total *RMB'000*
Chairmen and Non-executive directors					
Mr. LIU Hongsheng *(note c)* (appointed on 6 January 2023)	–	–	–	–	–
Mr. J. Erik FYRWALD *(note c)* (resigned on 6 January 2023)	–	–	–	–	–
Executive directors					
Mr. WANG Jun (appointed on 20 March 2023)	–	868	914	36	1,818
Ms. WANG Ling (appointed on 20 March 2023)	–	611	–	48	659
Mr. MA Yue (appointed on 6 January 2023 and passed away on 29 August 2023)	–	1,051	1,869	29	2,949
Independent non-executive directors					
Mr. KO Ming Tung, Edward	484	–	–	–	484
Mr. LU Xin	484	–	–	–	484
Mr. TSE Hau Yin, Aloysius	570	–	–	–	570
	1,538	2,530	2,783	113	6,964

Notes:

a. The performance related incentive payments represented the amounts approved and paid during the year ended 31 December 2024 and 2023 in respect of the performance related incentive determined with reference to the operating results of the Group, individual performance and relevant comparable market statistics for the year ended 31 December 2023 and 2022, respectively.

During the year ended 31 December 2023, the Group paid the performance related incentive payments of RMB3,748,000, RMB2,069,000 and RMB1,265,000 to Mr. QIN Hengde, Mr. FENG Mingwei and Mr. Harry YANG, former directors, respectively. No other remuneration has paid to the executive directors resigned during the year ended 31 December 2023.

10 DIRECTORS' EMOLUMENTS (CONTINUED)

Notes: (continued)

b. Other benefits represented the amounts of the housing fund and enterprise annuity directly paid by the Group to relevant institutions in accordance with relevant regulations for the year ended 31 December 2024 and 2023. Retirement benefits scheme contribution represented the amounts of the pension insurance fund directly paid by the Group to relevant institutions in accordance with relevant regulations for the year ended 31 December 2024 and 2023.

c. Mr. Su Fu, being non-executive director of the Company, had waived his director's fee of approximately HK$415,000 (equivalent to approximately RMB379,000) for the year ended 31 December 2024.

Mr. Liu Hongsheng, former non-executive director of the Company who resigned on 24 January 2024, had waived his director's fees of approximately HK$23,000 and HK$437,000 (equivalent to approximately RMB21,000 and RMB393,000) for the year ended 31 December 2024 and 2023, respectively.

Mr. J. Erik Fyrwald, former non-executive director of the Company who resigned on 6 January 2023, had waived his director's fee of approximately HK$7,000 (equivalent to approximately RMB6,000) for the year ended 31 December 2023.

d. During the year ended 31 December 2024, the Group has paid the remuneration to Ms. Chen Shengnan for her key management position prior to her appointment as a director, including salary and other benefits of approximately RMB489,000, retirement benefits scheme contribution of approximately RMB23,000 and performance related incentive payments of approximately RMB1,379,000, respectively, totaling approximately RMB1,891,000.

e. No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office as a director during the year ended 31 December 2024 and 2023.

11 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2023: three) were directors or former directors of the Company, whose emoluments are disclosed in note 10. The emoluments of the remaining three (2023: two) individuals were as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries and other benefits	**3,013**	2,249
Performance related incentive payment *(note)*	**3,209**	2,995
Retirement benefits scheme contribution	**185**	93
	6,407	5,337

Note: The performance related incentive payments paid/payable were determined with reference to the operating results of the Group, individual performance and relevant comparable market statistics. The amount disclosed represented the amount paid during the year 2024 and 2023.

11 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS (CONTINUED)

The emoluments were within the following bands:

	2024 ***Number of individuals***	2023 *Number of individuals*
HK$2,000,001 to HK$2,500,000	**2**	–
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	1
	3	2

12 DIVIDENDS

(a) Dividends payable to equity shareholders of the Group attributable to the year

	2024 ***RMB'000***	2023 *RMB'000*
Proposed final dividend of HK$0.0571, equivalent to approximately RMB0.0529 per share (2023: HK$0.0491, equivalent to approximately RMB0.0445 per share)	**371,255**	312,549

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Group attributable to the previous financial year, approved and paid during the year

	Year ended 31 December	
	2024 ***RMB'000***	2023 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.0491 per share (2023: HK$0.0623).	**314,791**	403,403

13 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2024 ***RMB'000***	2023 *RMB'000*
Earnings attributable to owners of the Company		
Earnings for the purpose of basic/diluted earnings per share	**1,061,480**	625,549

	2024 ***'000 shares***	2023 *'000 shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	**7,024,456**	7,024,456

The Group has no dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023. Therefore, there was no difference between basic and diluted earnings per share.

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Plant, machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Furniture & fixtures *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Cost						
At 1 January 2023	3,026,953	3,048,752	62,013	363,353	818,811	7,319,882
Exchange adjustments	5	–	32	32	–	69
Additions	6,803	30,994	7,122	14,217	649,661	708,797
Transfer from construction in progress	349,820	393,629	–	25,530	(768,979)	–
Disposals	(107,719)	(158,206)	(7,205)	(4,206)	(24,732)	(302,068)
At 31 December 2023	3,275,862	3,315,169	61,962	398,926	674,761	7,726,680
At 1 January 2024	**3,275,862**	**3,315,169**	**61,962**	**398,926**	**674,761**	**7,726,680**
Exchange adjustments	**7**	**1**	**17**	**25**	**–**	**50**
Additions	**4,012**	**40,804**	**6,004**	**5,363**	**477,121**	**533,304**
Transfer from construction in progress	**312,040**	**312,120**	**–**	**10,394**	**(634,554)**	**–**
Disposals	**(62,448)**	**(165,468)**	**(10,405)**	**(4,493)**	**(215,903)**	**(458,717)**
At 31 December 2024	**3,529,473**	**3,502,626**	**57,578**	**410,215**	**301,425**	**7,801,317**
Accumulated depreciation and impairment						
At 1 January 2023	(1,065,191)	(1,732,088)	(38,220)	(183,615)	(34,877)	(3,053,991)
Exchange adjustments	(5)	–	(30)	(27)	–	(62)
Charge for the year	(127,867)	(159,689)	(5,634)	(30,616)	–	(323,806)
Disposals	70,736	150,960	5,998	3,560	–	231,254
At 31 December 2023	(1,122,327)	(1,740,817)	(37,886)	(210,698)	(34,877)	(3,146,605)
At 1 January 2024	**(1,122,327)**	**(1,740,817)**	**(37,886)**	**(210,698)**	**(34,877)**	**(3,146,605)**
Exchange adjustments	**(7)**	**(1)**	**(16)**	**(22)**	**–**	**(46)**
Charge for the year	**(134,806)**	**(186,125)**	**(5,451)**	**(34,077)**	**–**	**(360,459)**
Disposals	**61,093**	**162,833**	**10,180**	**3,855**	**–**	**237,961**
Impairment loss	**–**	**(949)**	**–**	**–**	**–**	**(949)**
At 31 December 2024	**(1,196,047)**	**(1,765,059)**	**(33,173)**	**(240,942)**	**(34,877)**	**(3,270,098)**
Net book value						
At 31 December 2024	**2,333,426**	**1,737,567**	**24,405**	**169,273**	**266,548**	**4,531,219**
At 31 December 2023	2,153,535	1,574,352	24,076	188,228	639,884	4,580,075

Note: Certain items of property, plant and equipment were pledged to secure banking facilities and bank loans granted to the Group as disclosed in note 32.

15 RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	Properties leased for own use *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*
Cost			
At 1 January 2023	134,130	783,327	917,457
Additions	14,377	105,500	119,877
Lease matured and disposals	(27,296)	(9,238)	(36,534)
At 31 December 2023 and 1 January 2024	**121,211**	**879,589**	**1,000,800**
Additions	**55,747**	**–**	**55,747**
Lease matured and disposals	**(80,670)**	**–**	**(80,670)**
At 31 December 2024	**96,288**	**879,589**	**975,877**
Accumulated depreciation			
At 1 January 2023	(69,189)	(199,419)	(268,608)
Charge for the year	(47,404)	(14,750)	(62,154)
Lease matured and disposals	25,721	2,830	28,551
At 31 December 2023 and 1 January 2024	**(90,872)**	**(211,339)**	**(302,211)**
Charge for the year	**(34,963)**	**(17,572)**	**(52,535)**
Lease matured and disposals	**77,658**	**–**	**77,658**
At 31 December 2024	**(48,177)**	**(228,911)**	**(277,088)**
Net book value			
At 31 December 2024	**48,111**	**650,678**	**698,789**
At 31 December 2023	30,339	668,250	698,589

15 RIGHT-OF-USE ASSETS (CONTINUED)

Notes:

(i) Certain land use right was pledged to secure banking facilities granted to the Group as disclosed in note 32.

(ii) The remaining lease terms of Group's land use rights ranged from 18 to 48 years (31 December 2023: 19 to 49 years).

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2024	2023
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	**34,963**	47,404
– Land use rights	**17,572**	14,750
	52,535	62,154
Interest on lease liabilities *(note 6)*	**2,876**	2,281
Expense relating to short-term leases and leases of low-value assets	**13,136**	15,582

During the year, additions to right-of-use assets were RMB55,747,000 (2023: RMB119,877,000). This amount included the purchase of land use rights of RMBnil (2023: RMB105,500,000), and the rest primarily related to the capitalized lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 28 and note 33, respectively.

16 MINING RIGHTS

	2024 *RMB'000*	2023 *RMB'000*
Cost		
At 1 January and 31 December	**768,140**	768,140
Accumulated amortization		
At 1 January	**(475,613)**	(448,526)
Charge for the year	**(27,251)**	(27,087)
At 31 December	**(502,864)**	(475,613)
Net book value		
At 31 December	**265,276**	292,527

17 INTANGIBLE ASSETS

	Software and others	
	2024 *RMB'000*	2023 *RMB'000*
Cost		
At 1 January	**21,767**	21,209
Additions	**29,945**	558
At 31 December	**51,712**	21,767
Accumulated amortization		
At 1 January	**(11,569)**	(8,382)
Charge for the year	**(5,201)**	(3,187)
At 31 December	**(16,770)**	(11,569)
Net book value		
At 31 December	**34,942**	10,198

The amortization charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

18 GOODWILL

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost		
At 1 January	**854,137**	849,538
Exchange adjustments	**6,916**	4,599
Carrying amount	**861,053**	854,137

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to the CGUs of the related segments as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Basic business	**199,703**	195,517
Growth business	**93,977**	92,008
Production		
– Sinochem Yunlong	**531,074**	531,074
– Others	**36,299**	35,538
	861,053	854,137

The recoverable amounts of these CGUs have been determined on the basis of value in use calculations by estimating the future cash flows expected from these CGUs. The key assumptions for the value in use calculations are those regarding the discount rates, estimated selling prices and selling quantities used in the cash flow forecasts. Cash flow forecasts are based on past practices and expectations of future changes in the market. The directors of the Company estimate pre-tax discount 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 2025 approved by the directors of the Company. The growth rates for the first 5 years from 2025 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.

18 GOODWILL (CONTINUED)

Impairment testing on goodwill (continued)

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

2024	**Basic business**	**Growth business**	**Production**
Annual revenue growth rate during and beyond the forecast period	**1.8%**	**1.8%**	**1.8%**
Gross profit margin	**6.4%**	**7.7%**	**41.1%**
Pre-tax discount rate	**10.9%**	**10.9%**	**12.7%**

2023	Basic business	Growth business	Production
Annual revenue growth rate during and beyond the forecast period	3.0%	3.0%	3.0%
Gross profit margin	6.5%	7.2%	40.4%
Pre-tax discount rate	10.7%	10.7%	12.7%

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 2024. A reasonably possible change in key assumptions would not cause an impairment loss.

19 INTERESTS IN ASSOCIATES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Unlisted shares, at cost	**571,484**	548,965
Share of profits, net of dividends	**(17,170)**	(18,520)
Impairment	**(194,624)**	(194,624)
	359,690	335,821

(Expressed in RMB unless otherwise indicated)

19 INTERESTS IN ASSOCIATES (CONTINUED)

All of the associates are accounted for using the equity method in the consolidated financial statements. The following list contains only the particulars of major associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of entities	Place of incorporation and principal place of operation	Particulars of issued capital/ registered capital	Proportion of ownership interest		Principal activities
			2024	2023	
Guizhou Xinxin Industrial Holdings Group Co., Ltd. 貴州鑫新實業控股集團有限責任公司	The PRC	RMB20,000,000	24%	24%	Production and sales of phosphate rock
Guizhou Xinxin Coal Chemical Co., Ltd. 貴州鑫新煤化工有限責任公司	The PRC	RMB20,000,000	24%	24%	Production and sales of coal
Yangmei Pingyuan Chemical Co., Ltd. ("Yangmei Pingyuan") 陽煤平原化工有限公司	The PRC	RMB560,296,500	36.75%	36.75%	Production and sales of fertilizers
Beijing Aerospace Hengfeng Technology Co., Ltd. ("Beijing Aerospace Hengfeng") 北京航天恒豐科技股份有限公司	The PRC	RMB138,550,062	18.8%	20%	Production and sales of fertilizers
Yitong Digital Technology Co., Ltd. ("Yitong Digital Technology") 益通數科科技股份有限公司	The PRC	RMB166,600,000	31.5%	45%	Sales of fertilizers
Chongqing Baitao Railway Logistics Co., Ltd. ("Baitao Railway") 重慶白濤鐵運物流有限公司	The PRC	RMB300,000,000	20%	66.67%	Railway transportation

19 INTERESTS IN ASSOCIATES (CONTINUED)

The directors of the Company are of the opinion that no associates are individually material to the Group. Aggregate information of associates that are not individually material are listed below:

	2024	2023
	RMB'000	*RMB'000*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**359,690**	335,821
Aggregate amounts of the Group's share of those associates'		
Profit/(loss) from continuing operation	**36,346**	(60,609)
Total comprehensive income	**36,346**	(60,609)

20 INTERESTS IN JOINT VENTURES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Unlisted shares, at cost	**374,330**	374,330
Share of profits, net of dividends	**423,559**	398,705
	797,889	773,035

20 INTERESTS IN JOINT VENTURES (CONTINUED)

All of the joint ventures are accounted for using the equity method in the consolidated financial statements. The following list contains only the particulars of major joint ventures, all of which are unlisted corporate entities whose quoted market price is not available:

Name of entities	Place of incorporation and principal place of operation	Particulars of issued capital/ registered capital	Proportion of ownership interest		Principal activities
			2024	2023	
Yunnan Three Circles-Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem") 雲南三環中化化肥有限公司	The PRC	RMB800,000,000	40%	40%	Sales and manufacturing of fertilizers
Gansu Wengfu Chemical Co., Ltd. ("Gansu Wengfu") 甘肅甕福化工有限責任公司	The PRC	RMB245,650,000	30%	30%	Sales and manufacturing of fertilizers

The directors of the Company are of the opinion that no joint ventures are individually material to the Group. Aggregate information of joint ventures that are not individually material are listed below:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	797,889	773,035
Aggregate amounts of the Group's share of those joint ventures'		
Profit from continuing operation	187,100	185,387
Total comprehensive income	187,100	185,387

21 OTHER EQUITY SECURITIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities	**87,522**	164,353

22 LOAN TO AN ASSOCIATE

On 30 January 2024, Sinochem Fertilizer Company Limited ("Sinochem Fertilizer"), an indirect wholly-owned subsidiary of the Company, has provided a loan of RMB167,667,000 to Yangmei Pingyuan, an associate of the Company, for its resettlement of employees, at an interest rate of one-year Prime per annum and a maturity of 2 years.

The directors of the Company have assessed the recoverability of the loan taken into account the operating status and future financial forecast of Yangmei Pingyuan, and determined to recognize provision of expected credit losses in full amount for the year ended 31 December 2024.

23 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Fertilizer merchandise and finished goods	**4,442,161**	4,898,757
Raw materials	**575,418**	579,670
Work in progress	**84,342**	98,726
Consumables	**123,270**	106,466
	5,225,191	5,683,619

23 INVENTORIES (CONTINUED)

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Carrying amount of inventories sold	**18,721,016**	19,468,573
Write-down/(reversal of write-down) of inventories	**43,894**	(10,791)
	18,764,910	19,457,782

24 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2024 ***RMB'000***	2023 *RMB'000*
Trade receivables	**73,870**	45,001
Less: loss allowance *(note (b))*	**(2,889)**	(2,978)
	70,981	42,023
Bills receivable	**227,893**	433,809
Less: loss allowance *(note (b))*	**(6,300)**	(6,300)
	221,593	427,509
Total trade and bills receivables, net of loss allowance	**292,574**	469,532

As at 31 December 2024, the bills receivable that the Group has endorsed or discounted and de-recognized but not yet matured amounted to RMB128,536,000 (2023: RMB279,972,000).

As at 31 December 2024, none of bills receivable was pledged (2023: RMB55,343,000).

24 TRADE AND BILLS RECEIVABLES (CONTINUED)

(a) Aging analysis of trade and bills receivables

The Group allows a credit period of 0 – 90 days to its trade customers. As at the end of the reporting period, the aging analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**203,910**	285,569
More than 3 months but within 6 months	**86,944**	183,223
More than 6 months but within 12 months	**1,720**	740
	292,574	469,532

Before accepting any new customer, the Group assesses the potential customer's credit quality and set a credit limit for each customer. Credit limit is reviewed regularly.

(b) Loss allowance of trade and bills receivables

The movements in the loss allowance in respect of trade and bills receivables during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**9,278**	14,220
Reversal of impairment recognized	**(89)**	(4,942)
Balance at 31 December	**9,189**	9,278

25 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Other receivables	**157,415**	232,950
Less: loss allowance *(note)*	**(74,150)**	(69,371)
	83,265	163,579
Prepayments for inventories	**1,390,911**	1,638,663
Other prepayments	**25,659**	32,534
Corporate income tax recoverable	**59,026**	–
Deductible input VAT	**244,229**	197,665
Other receivables and prepayments	**1,803,090**	2,032,441

The movements in the loss allowance in respect of other receivables during the year are as follows:

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**69,371**	69,464
Impairment recognized/(reversed)	**4,779**	(93)
Balance at 31 December	**74,150**	69,371

26 OTHER CURRENT ASSETS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Relocation of Sinochem Fuling	**977,010**	923,964
Less: impairment loss	**(47,469)**	(27,969)
	929,541	895,995

The government of Fuling District in Chongqing ("the Government") and the Group entered into a relocation agreement ("the relocation agreement") on 6 August 2019. Pursuant to the relocation agreement, Sinochem Fuling, relocated its factories in Nananpu, demolished the buildings, restored the land and will return it to the Government which is in progress. In return, the Government will compensate the losses of Sinochem Fuling arising from the relocation, with a cap of RMB1 billion, after the land use right was transferred to the Government.

The Group assessed the amount recoverable by the Group in respect of the factories relocated based on carrying value of relevant assets net of estimated compensation receivable from the government and additional costs to be incurred. As a result, an impairment loss of RMB19,500,000 was recognized during the year ended 31 December 2024 (2023: Nil).

27 LOANS TO A FELLOW SUBSIDIARY

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Sinochem Agriculture Holdings Limited ("Sinochem Agriculture") *(note)*	**300,000**	800,000

Note: The loans lent to Sinochem Agriculture of RMB300,000,000 bear variable interest rate around 2.28% and are repayable on demand but in any case matured in 12 months.

28 CASH AND BANK BALANCE AND OTHER DEPOSITS

(a) Cash and bank balance and other deposits comprise:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank	**2,203,687**	3,136,535
Time deposits with original maturity within three months	**899,850**	770,598
Time deposits with original maturity more than three months	**1,969,024**	–
Restricted bank deposits	**30,155**	326,574
	5,102,716	4,233,707
Less: Restricted bank deposits	**(30,155)**	(326,574)
Less: Long-term time deposits	**(1,262,193)**	–
	3,810,368	3,907,133
Less: Time deposits with original maturity more than three months	**(706,831)**	–
Cash and cash equivalents	**3,103,537**	3,907,133

28 CASH AND BANK BALANCE AND OTHER DEPOSITS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings *RMB'000* *(Note 32)*	Lease liabilities *RMB'000* *(Note 33)*	Interest payable *RMB'000*	Total *RMB'000*
At 1 January 2024	1,788,858	40,110	1,927	1,830,895
Changes from financing cash flows:				
Proceeds from new bank and other borrowings	740,904	–	–	740,904
Repayment of bank loans	(693,816)	–	–	(693,816)
Capital element of lease rentals paid	–	(39,175)	–	(39,175)
Interest element of lease rentals paid	–	(2,876)	–	(2,876)
Other Interest paid	–	–	(55,240)	(55,240)
Total changes from financing cash flows	47,088	(42,051)	(55,240)	(50,203)
Other changes:				
Disposal of a subsidiary	(19,400)	–	–	(19,400)
Increase in lease liabilities from entering into new leases during the year	–	52,735	–	52,735
Interest expenses *(note 6)*	–	2,876	54,503	57,379
Total other changes	(19,400)	55,611	54,503	90,714
At 31 December 2024	1,816,546	53,670	1,190	1,871,406

28 CASH AND BANK BALANCE AND OTHER DEPOSITS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other borrowings *RMB'000* *(Note 32)*	Lease liabilities *RMB'000* *(Note 33)*	Interest payable *RMB'000*	Total *RMB'000*
At 1 January 2023	1,741,217	76,613	1,808	1,819,638
Changes from financing cash flows:				
Proceeds from new bank and other borrowings	1,851,957	–	–	1,851,957
Repayment of bank loans	(1,804,316)	–	–	(1,804,316)
Capital element of lease rentals paid	–	(49,305)	–	(49,305)
Interest element of lease rentals paid	–	(2,281)	–	(2,281)
Other Interest paid	–	–	(67,242)	(67,242)
Total changes from financing cash flows	47,641	(51,586)	(67,242)	(71,187)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	12,802	–	12,802
Interest expenses *(note 6)*	–	2,281	67,361	69,642
Total other changes	–	15,083	67,361	82,444
At 31 December 2023	1,788,858	40,110	1,927	1,830,895

28 CASH AND BANK BALANCE AND OTHER DEPOSITS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024	2023
	RMB'000	*RMB'000*
Within operating cash flows	**13,136**	15,582
Within investing cash flows	**–**	105,500
Within financing cash flows	**42,051**	51,586
	55,187	172,668

These amounts relate to the following:

	2024	2023
	RMB'000	*RMB'000*
Lease rentals paid	**55,187**	67,168
Prepaid lease payments	**–**	105,500
	55,187	172,668

29 TRADE AND BILLS PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**2,635,838**	3,227,044
Bills payable	**651,633**	544,708
Trade and bills payables	**3,287,471**	3,771,752

As at the end of the reporting period, the aging analysis of trade and bills payables presented based on the invoice date is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**2,511,492**	3,135,842
More than 3 months but within 6 months	**671,879**	607,450
More than 6 months but within 12 months	**63,693**	13,719
Over 12 months	**40,407**	14,741
	3,287,471	3,771,752

30 CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contract liabilities		
Sales of goods		
– Amounts due to customer for advance received	**4,229,800**	4,797,013

Movements in contract liabilities

	2024	2023
	RMB'000	*RMB'000*
Balance at 1 January	**4,797,013**	5,063,762
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the period	**(4,603,858)**	(5,032,532)
Increase in contract liabilities as a result of receiving sales deposits during the year (excluding amounts recognized as revenue during the year)	**4,036,645**	4,765,783
Balance at 31 December	**4,229,800**	4,797,013

31 OTHER PAYABLES AND PROVISION

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Payroll payables	**180,239**	143,958
Dividends payable	**25,763**	25,731
Payables for purchase of property, plant and equipment and land use rights	**167,025**	51,206
Other taxes payables *(note(i))*	**498,029**	543,129
Others	**210,410**	317,232
Financial liabilities measured at amortized cost	**1,081,466**	1,081,256
Financial guarantee liabilities *(note(ii))*	**–**	327,895
Fair value of forward foreign exchange contracts	**37,966**	–
	1,119,432	1,409,151

Notes:

(i) Other taxes payables mainly include the output VAT collected from customers to be paid upon the completion of sales transactions.

(ii) As at 31 December 2023, financial guarantee liabilities was resulted from the credit losses on financial guarantee provided by Sinochem Fertilizer, a subsidiary of the Group, for bank loans of Yangmei Pingyuan, an associate of the Group. In 2024, Sinochem Fertilizer executed its obligation under the guarantee and repaid all such bank loans on behalf of Yangmei Pingyuan.

32 BANK AND OTHER BORROWINGS

(a) The analysis of the carrying amount of bank and other borrowings is as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Bank loans, unsecured	**450,607**	216,365
Bank loans, secured *(note (i))*	**1,321,549**	1,528,103
Borrowings from Sinochem Holdings *(note (ii))*	**44,390**	44,390
	1,816,546	1,788,858

Notes:

(i) As at 31 December 2024, bank loans of RMB1,321,549,000 are secured by the Group's right-of-use assets of RMB182,223,000 and property, plant and equipment of RMB14,954,000, respectively (2023: bank loans of RMB1,528,103,000 are secured by the Group's right-of-use assets of RMB186,221,000 and property, plant and equipment of RMB15,614,000, respectively).

(ii) The entrusted borrowings from Sinochem Holdings through Sinochem Group Finance Co., Ltd. ("Sinochem Finance") are unsecured, bear fixed interest rate of 1.35% per annum and due for repayment on 10 April 2026.

All the borrowings are are interest-bearing, measured at amortized cost, repayable as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**872,681**	588,013
After 1 year but within 2 years	**309,813**	256,980
After 2 years but within 5 years	**634,052**	865,977
After 5 years	**–**	77,888
	943,865	1,200,845
	1,816,546	1,788,858
Less: amounts due within 1 year shown under current liabilities	**(872,681)**	(588,013)
Amount shown under non-current liabilities	**943,865**	1,200,845

32 BANK AND OTHER BORROWINGS (CONTINUED)

(a) The analysis of the carrying amount of bank and other borrowings is as follows: (Continued)

The ranges of effective interest rates on the Group's borrowings are as follows:

	Effective annual interest rate	**At 31 December 2024** *RMB'000*	Effective annual interest rate	At 31 December 2023 *RMB'000*
Variable-rate borrowings	**2.29%-2.60%**	**1,198,051**	3.35%	1,345,900
Fixed-rate borrowings	**1.35%-2.85%**	**618,495**	1.35% – 3.50%	442,958
		1,816,546		1,788,858

(b) Unutilized banking facilities

As at the end of the reporting period, the Group has the following unutilized banking facilities:

	As at 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Expiring within 1 year	**7,273,730**	15,968,175
Expiring beyond 1 year	**8,041,821**	5,938,448
	15,315,551	21,906,623

33 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	As at 31 December	
	2024 *RMB'000*	2023 *RMB'000*
Within 1 year	**26,557**	24,514
After 1 year but within 2 years	**27,113**	14,970
After 2 years but within 5 years	**–**	626
	27,113	15,596
	53,670	40,110

34 DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purpose:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets	**86,763**	55,527
Deferred tax liabilities	**(110,339)**	(119,446)
	(23,576)	(63,919)

(a) Deferred tax assets and liabilities recognized:

Deferred tax assets and liabilities recognized and movements thereon during the current and prior years are as follows:

	Fair value adjustment on business combination	Revaluation of other equity securities	Right-of-use assets	Lease liabilities	Unrealized profits in inventories	Impairments	Tax losses	Other	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	(128,690)	28,294	(16,009)	16,009	2,172	12,937	52,042	5,089	(28,156)
Credited/(charged) to profit or loss for the year	9,244	–	(7,585)	10,028	(622)	(3,000)	(51,052)	1,061	(41,926)
Credited to reserves for the year	–	6,163	–	–	–	–	–	–	6,163
At 31 December 2023 and 1 January 2024	**(119,446)**	**34,457**	**(23,594)**	**26,037**	**1,550**	**9,937**	**990**	**6,150**	**(63,919)**
Credited/(charged) to profit or loss for the year	**9,107**	**–**	**11,567**	**(10,789)**	**6,558**	**5,878**	**(667)**	**(506)**	**21,148**
Credited to reserves for the year	**–**	**19,195**	**–**	**–**	**–**	**–**	**–**	**–**	**19,195**
At 31 December 2024	**(110,339)**	**53,652**	**(12,027)**	**15,248**	**8,108**	**15,815**	**323**	**5,644**	**(23,576)**

By reference to financial budgets, the management of the Group believes that there will be sufficient future taxable profits or taxable temporary differences available in the future to utilize the deferred tax assets.

34 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

(b) Deferred tax assets not recognized

No deferred tax assets were recognized on the tax losses of approximately RMB773,765,000 as of 31 December 2024 (2023: RMB818,562,000) as the Group determines that the realization of the related tax benefit through future taxable profits is not probable.

The unrecognized tax losses will expire in the following years:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
2025	**–**	6,250
2026	**22,284**	22,896
2028	**65,672**	111,713
2029	**1,836**	–
No expiry	**683,973**	677,703
	773,765	818,562

(c) Deferred tax liabilities not recognized

Under the tax laws of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries to overseas investors from 1 January 2008 onwards. As the Company controls the dividend policy of its PRC subsidiaries, it has the ability to control the timing of the reversal of temporary differences associated with the investment in subsidiaries. Furthermore, the Company has determined that those profits earned by its PRC subsidiaries will not be distributed to overseas investors in the foreseeable future. As such, deferred taxation has not been provided for in respect of temporary differences attributable to accumulated profits of PRC subsidiaries of RMB1,565,490,000 at 31 December 2024 (2023: RMB1,234,120,000).

35 ISSUED EQUITY

(a) The issued equity of the Group:

	2024 RMB'000	2023 RMB'000
At 1 January/At 31 December		
Issued shares of HK$0.10 each and share premium	5,887,384	5,887,384

The amount of issued equity of the Group as at 31 December 2024 and 2023 includes share capital and share premium in the consolidated statement of financial position.

(b) The details of share capital of the Company are as follows:

	2024			2023		
	Number of shares '000	Nominal value HK$'000	Equivalent to RMB'000	Number of shares '000	Nominal value HK$'000	Equivalent to RMB'000
Authorized:						
Ordinary shares par value of HK$0.10 each	80,000,000	8,000,000		80,000,000	8,000,000	
Issued and fully paid:						
At 1 January and at 31 December	7,024,456	702,446	691,750	7,024,456	702,446	691,750

	Number of shares	Nominal Value HK$'000
Preference shares		
Authorized:		
Preference shares of HK$1,000,000 each	316	316,000

No preference shares were issued at 31 December 2024 and 2023.

36 DISPOSAL OF A SUBSIDIARY

On 30 October 2024, Sinochem Fuling disposed of its 46.67% equity interests in Baitao Railway, a subsidiary of Sinochem Fuling, to a third party at a total consideration of RMB10,779,000, which resulted in the Group's equity interest in Baitao Railway decreased from 66.67% to 20.00%. Upon completion, the Group lost control of Baitao Railway, which was subsequently accounted for as an associate, the disposal resulted in a gain of RMB1,397,000 and a net cash inflow of RMB8,928,000, respectively.

37 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from previous years.

The Group monitors its capital structure on the basis of debt-to-equity ratio, which is calculated based on interest-bearing debt divided by total equity. The debt-to-equity ratio of the Group as at 31 December 2024 was 17.59% (2023: 18.44%).

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 class of capital. The Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt or the redemption of existing debt.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable is limited because the counterparties are mainly banks and financial institutions for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 31, the Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0 – 90 days from the date of billing.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***RMB'000***	***RMB'000***
within 1 year	**0.11%**	**71,059**	**(78)**
more than 3 years	**100.00%**	**2,811**	**(2,811)**
		73,870	**(2,889)**

	As at 31 December 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
within 1 year	0.26%	42,133	(110)
more than 3 years	100.00%	2,868	(2,868)
		45,001	(2,978)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Credit risk rising from loan to an associate

To determine ECLs for the loan to an associate, the Group considers changes in the risk of default of the specified debtor since the loan issuance. The Group fully recognizes a loss allowance of RMB167,667,000 for the loan equal to lifetime ECLs as there has been a significant increase in credit risk of the financial instrument since initial recognition (see note 7).

(b) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of credit borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

The table includes both interest and principal cash flows based on the contractual undiscounted payments of the Group's financial liabilities at the end of the reporting period.

	2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	3,287,471	–	–	–	3,287,471	3,287,471
Other payables measured at amortized cost	1,081,466	–	–	–	1,081,466	1,081,466
Bank and other borrowings	906,779	329,741	652,771	–	1,889,291	1,816,546
Lease liabilities	27,370	27,478	–	–	54,848	53,670
	5,303,086	357,219	652,771	–	6,313,076	6,239,153

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

	2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	3,771,752	–	–	–	3,771,752	3,771,752
Other payables measured at amortized cost	1,081,256	–	–	–	1,081,256	1,081,256
Bank and other borrowings	636,276	291,781	892,856	78,453	1,899,366	1,788,858
Lease liabilities	25,439	15,150	645	–	41,234	40,110
	5,514,723	306,931	893,501	78,453	6,793,608	6,681,976
Financial guarantees issued:						
Maximum amount guaranteed *(note 31)*	327,895	–	–	–	327,895	327,895

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to variable-rate borrowings (see note 32 for details of the borrowings). Cash flow interest rate risk in relation to bank balances is considered insignificant. Interest rate risk is managed by the management of the Group on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movement in interest rates.

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB5,990,000 (2023: RMB6,730,000). Other components of consolidated equity would have increased/decreased by nil (2023: nil) in response to the general increase/decrease in interest rates.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from variable-rate borrowings held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) Currency risk

Several subsidiaries of the Group have foreign currency transactions, which expose the Group to currency risk. Since the monetary items denominated in foreign currencies are not significant, the Group considers the currency risk was insignificant. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

Monetary assets and monetary liabilities denominated in foreign currency including mainly cash and bank balances, trade payables, other payables and borrowings that are subject to currency risk at the end of the reporting period are as follows, differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
US$	**57,693**	62,478	**–**	–

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

The following table indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024 Increase/ (decrease) in foreign exchange rates	**2024** Effect on results of the year and retained profits *RMB'000*	**2024** Effect on other components of equity *RMB'000*	2023 Increase/ (decrease) in foreign exchange rates	2023 Effect on results of the year and retained profits *RMB'000*	2023 Effect on other components of equity *RMB'000*
US$	**10%**	**5,769**	**–**	10%	6,248	–
	(10%)	**(5,769)**	**–**	(10%)	(6,248)	–

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' results of year and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis 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 end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2023.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2024	**Fair value measurements as at 31 December 2024 categorised into**		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity securities	**87,522**	–	–	87,522
Bills receivable	**176,069**	–	–	176,069
Other payables – forward foreign exchange contracts	**(37,966)**	–	(37,966)	–
Total	**225,625**	–	(37,966)	263,591

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value (continued)

(i) Financial assets and liabilities measured at fair value (continued)

	Fair value at 31 December 2023 *RMB'000*	Fair value measurements as at 31 December 2023 categorised into Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*
Unlisted equity securities	164,353	–	–	164,353
Bills receivable	69,122	–	–	69,122
Other financial assets – forward foreign exchange contracts	13,046	–	13,046	–
Total	246,521	–	13,046	233,475

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. 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.

Information about Level 2 fair value measurements

- The fair value of forward foreign exchange contracts is determined with reference to the difference between the contractual forward price and the forward rate as of year end.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Rate	Inter-relationship between significant unobservable inputs and fair value measurement
Unlisted equity securities	Market comparable companies	Discount for lack of marketability(DLOM)	33%	The higher the DLOM, the lower the fair value
Bills receivable	Discounted cash flow method	Discount rate	2%	The higher the discount rate, the lower the fair value

- The valuation model of the fair value of unlisted equity securities is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities and price to book value of the investee.

- The fair value of bills receivable is measured using discounted cash flow method.

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value (continued)

(i) Financial assets and liabilities measured at fair value (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Unlisted equity securities:		
At 1 January	164,353	189,004
Changes in fair value during the year	(76,831)	(24,651)
At 31 December	87,522	164,353

	2024 *RMB'000*	2023 *RMB'000*
Bills receivable		
At 1 January	69,122	62,310
Net increase	106,947	6,812
At 31 December	176,069	69,122

(ii) Fair values of financial assets and liabilities carried at other than fair value

The directors of the Company consider there is no significant difference between the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements and their fair values.

39 CONTINGENT LIABILITIES

Save as the guarantee disclosed in note 31, the Group has no material contingent liabilities at 31 December 2024 and 2023.

40 COMMITMENTS

Capital commitment

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property, plant and equipment	**36,127**	59,075

41 RELATED PARTY TRANSACTIONS

The major related parties that had transactions with the Group during the year ended 31 December 2024 and 2023 were as follows:

Ultimate holding company
Sinochem Holdings
(中國中化控股有限責任公司)

Indirect holding companies
China National Chemical Corporation
(中國化工集團有限公司)

Syngenta Group
(先正達集團股份有限公司)

Fellow subsidiaries
Sinochem (United Kingdom) Limited
(中化(英國)有限公司)

Beijing Chemsunny Property Co., Ltd.
(北京凱晨置業有限公司)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

The major related parties that had transactions with the Group during the year ended 31 December 2024 and 2023 were as follows: (continued)

Fellow subsidiaries (continued)

Sinochem Finance
(中化集團財務有限責任公司)

Sinochem Agriculture
(中化現代農業有限公司)

China National Seed Group Co., Ltd.
(中國種子集團有限公司)

Andorra (Beijing) Agricultural Technology Co., Ltd.
(安道麥（北京）農業技術有限公司)

Syngenta (China) Investment Co., Ltd.
(先正達（上海）作物保護科技有限公司)

Sinochem Hong Kong (Group) Co., Ltd.
(中化香港（集團）有限公司)

ADAMA Anpon (Jiangsu) Co., Ltd.
(安道麥輝豐（江蘇）有限公司)

Adama Huifeng (Shanghai) Agricultural Technology Co., Ltd.
(安道麥輝豐（上海）農業技術有限公司)

Sinochem Crop Protection Products Co., Ltd.
(中化作物保護品有限公司)

Winall Hi-tech Seed Co., Ltd.
(安徽荃銀高科種業股份有限公司)

Hunan Dongting Hi-Tech Seed Industry Co., Ltd.
(湖南洞庭高科種業股份有限公司)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

The major related parties that had transactions with the Group during the year ended 31 December 2024 and 2023 were as follows: (continued)

Fellow subsidiaries (continued)

Beijing Grand AgroChem Co., Ltd.
(北京廣源益農化學有限責任公司)

Sinochem Group
(中國中化集團有限公司)

Beijing Junmao Real Estate Co., Ltd.
(北京俊茂置業有限公司)

Ningxia Ruitai Technology Co., Ltd.
(寧夏瑞泰科技股份有限公司)

Shenyang Research Institute of Chemical Industry Co., Ltd.
(瀋陽化工研究院有限公司)

Zhangye Sanbei Seeds Co., Ltd.
(張掖市三北種業有限公司)

Adama Ltd.
(安道麥股份有限公司)

Sinochem Jinmao Property Management (Beijing) Co., Ltd.
(中化金茂物業管理(北京)有限公司)

Sinochem Environmental Technology Engineering Co., Ltd.
(中化環境科技工程有限公司)

Sinochem Information Technology Co., Ltd.
(中化信息技術有限公司)

Zhonglanchanghuagongcheng Science&Technology Co., Ltd.
(中藍長化工程科技有限公司)

Zhonglan Lianhai Design and Research Institute Co., Ltd.
(中藍連海設計研究院有限公司)

Qinghai Yanyun Potassium Salt Co., Ltd.
(青海鹽雲鉀鹽有限公司)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

The major related parties that had transactions with the Group during the year ended 31 December 2024 and 2023 were as follows: (continued)

Associates
Yangmei Pingyuan
(陽煤平原化工有限公司)

Beijing Aerospace Hengfeng
(北京航天恒豐科技股份有限公司)

Yitong Digital Technology, also a fellow subsidiary of the Company
(益通數科科技股份有限公司)

Joint ventures
Three Circles-Sinochem
(雲南三環中化化肥有限公司)

Gansu Wengfu
(甘肅甕福化工有限責任公司)

Other related party – an investee of a fellow subsidiary with a director in common
Qinghai Salt Lake Industry Co., Ltd.
(青海鹽湖工業股份有限公司)

Associates of indirect holding companies
Heilongjiang Beidahuang Agrochemical Technology Co., Ltd.
(黑龍江北大荒農化科技有限公司)

Henan Junhua Development Co., Ltd.
(河南駿化發展股份有限公司)

Junhua Ecological Engineering Co., Ltd.
(駿化生態工程有限公司)

A subsidiary of a shareholder with significant influence over the Company
Canpotex International Pte. Limited

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the year:

	2024 *RMB'000*	2023 *RMB'000*
Sales of fertilizers to		
Joint ventures	**230,272**	90,363
Associates of indirect holding companies	**68,205**	56,481
Fellow subsidiaries	**1,006,499**	1,074,040
Associates	**50,344**	11,566
	1,355,320	1,232,450
Purchases of fertilizers from		
Joint ventures	**1,614,382**	1,814,943
Associates	**130,133**	265,466
A subsidiary of a shareholder with significant influence over the company	**494,438**	905,138
Fellow subsidiaries	**523,643**	479,019
Associates of indirect holding companies	**2,788**	18,562
Other related party	**695,545**	1,072,653
	3,460,929	4,555,781
Commission received from a fellow subsidiary	**1,731**	4,644
Import service fee payable to a fellow subsidiary	**11,758**	11,321
Information service fee paid to a fellow subsidiary	**9,754**	5,020
Technical consulting service fee paid to a fellow subsidiary	**67,419**	5,050
Rental and management fee payable to fellow subsidiaries	**11,544**	15,353

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the year: (continued)

	2024 *RMB'000*	2023 *RMB'000*
Loans to related parties		
A fellow subsidiary	800,000	800,000
An associate	167,667	–
	967,667	800,000
Loans from related parties		
Ultimate holding company	–	44,390
A fellow subsidiary	21,597	267,710
	21,597	312,100
Placements of time deposits from a fellow subsidiary	2,900,000	–
Withdrawals of time deposits from a fellow subsidiary	950,000	–
Repayments of loans from a fellow subsidiary	34,412	11,462
Repayments of loans to a fellow subsidiary	1,300,000	–
Interest income from loans to a fellow subsidiary	10,572	11,872

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the year: (continued)

	2024 *RMB'000*	2023 *RMB'000*
Interest expense to related parties		
Ultimate holding company	609	524
A fellow subsidiary	7,703	6,959
	8,312	7,483
Financial guarantee issued to an associate	–	500,746
Guarantee charges from an associate	–	3,123
Service fee to a fellow subsidiary	381	366
Interest income of financial assets and deposits from a fellow subsidiary	22,930	18,258

Pursuant to an agreement with Sinochem Group, the Group purchases/sells certain agricultural products through Sinochem Group. The gross purchase and gross sale amount under this arrangement amounted to RMB4,944,842,000 and RMB4,893,626,000, respectively (2023: RMB5,471,367,000 and RMB5,429,111,000, respectively). Sinochem Group is acting as an agent of the Group. No agency fee was charged by Sinochem Group.

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) As at the end of the reporting period, the Group has the following material balances with its related parties:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**23,045**	1,024
Other receivables and prepayments	**448,244**	413,349
Trade and bills payables	**383,923**	470,810
Other payables	**14,543**	4,012
Contract liabilities	**59,417**	76,949
Outstanding financial guarantee issued to an associate	**–**	327,895
Loans to a fellow subsidiary	**300,000**	800,000
Loans from the ultimate holding company	**44,390**	44,390
Loans from a fellow subsidiary	**243,433**	256,248
Time deposits	**1,969,024**	–
Cash and cash equivalents	**900,157**	1,915,921

(c) Compensation of key management personnel

Key management personnel are the Company's directors and the Group's senior executives. Remuneration paid or payable to the directors was disclosed in note 10, and was determined by the Remuneration Committee according to individual performance and relevant comparable market statistics. Remuneration paid or payable to senior executives is as follows:

	2024	2023
	RMB'000	*RMB'000*
Salaries and other benefits	**2,149**	2,321
Performance related incentive payment	**2,759**	4,037
Retirement benefits scheme contribution	**123**	98
	5,031	6,456

(Expressed in RMB unless otherwise indicated)

41 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by Chinese government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under Sinochem Holdings which are controlled by Chinese government. Apart from the transactions with Sinochem Holdings and fellow subsidiaries and other related parties as disclosed above, the Group also conducts business with other government-related entities. The directors of the Company consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

42 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2024 and 2023:

Name of subsidiaries	Place of incorporation/ registration	Place of principal operation	Issued capital/ registered capital	Proportion ownership interest held by the Group 2024	2023	Principal activities
Calorie Ltd.	Hong Kong	Hong Kong	34,000 shares	100%	100%	Investment holding
Sinochem Fertilizer (中化化肥有限公司) *(note a)*	The PRC	The PRC	RMB10,600,000,000	100%	100%	Fertilizer trading
Dohigh Trading Limited (敦尚貿易有限公司)	Hong Kong	Hong Kong	15,000,000 shares	100%	100%	Fertilizer trading
Sinochem Fertilizer Macao Limited (中化化肥澳門有限公司)	Macao SAR	Macao SAR	100,000 shares	100%	100%	Fertilizer trading
Suifenhe Xinkaiyuan Trading Co., Ltd. *(note b)* (綏芬河新凱源貿易有限公司)	The PRC	The PRC	RMB5,000,000	100%	100%	Fertilizer trading
Fujian Sinochem Zhisheng Chemical Fertilizer Co., Ltd. *(note b)* (福建中化智勝化肥有限公司)	The PRC	The PRC	RMB47,000,000	53.19%	53.19%	Sales and manufacturing of fertilizers
Sinochem Fuling *(note b)* (中化重慶涪陵化工有限公司)	The PRC	The PRC	RMB1,058,000,000	74.56%	74.56%	Sales and manufacturing of fertilizers

(Expressed in RMB unless otherwise indicated)

42 PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration	Place of principal operation	Issued capital/ registered capital	Proportion ownership interest held by the Group		Principal activities
				2024	2023	
Sinochem Yunlong *(note b)* (中化雲龍有限公司)	The PRC	The PRC	RMB500,000,000	**100%**	100%	Sales and manufacturing of feeds stuff
Manzhouli Kaiming Fertilizer Co., Ltd. *(note b)* (滿洲里凱明化肥有限公司)	The PRC	The PRC	RMB5,000,000	**100%**	100%	Fertilizer trading
Sinochem Jilin Changshan Chemical Co., Ltd. *(note b)* (中化吉林長山化工有限公司)	The PRC	The PRC	RMB2,838,650,000	**98.16%**	98.16%	Sales and manufacturing of fertilizers
Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd. *(note b)* (中化農業生態科技(湖北)有限公司)	The PRC	The PRC	RMB300,000,000	**98%**	98%	Sales and manufacturing of fertilizers
Sinochem Shandong Fertilizer Co., Ltd. *(note b)* (中化山東肥業有限公司)	The PRC	The PRC	RMB100,000,000	**91%**	91%	Sales and manufacturing of fertilizers
Sinochem Agriculture (Xinjiang) Biotech Co., Ltd. *(note b)* (中化農業(新疆)生物科技有限公司)	The PRC	The PRC	RMB150,000,000	**100%**	100%	Sales and manufacturing of fertilizers
Sinochem Agriculture (Linyi) R&D Centre Co., Ltd. *(note b)* (中化農業(臨沂)研發中心有限公司)	The PRC	The PRC	RMB122,300,000	**100%**	100%	Development of agriculture products
Sinochem Agricultural Ecological (Hainan) Co., Ltd. *(note a)* (中化(海南)農業生態有限公司)	The PRC	The PRC	RMB750,000,000	**100%**	100%	Fertilizer trading
Sinochem Linyi Crop Nutrition Co., Ltd. *(note a)* (中化(臨沂)作物營養有限公司)	The PRC	The PRC	US$10,000,000	**100%**	100%	Fertilizer trading

Note a: Foreign-invested enterprise

Note b: Domestic company

42 PRINCIPAL SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The directors of the Company are of the opinion that none of its subsidiaries has non-controlling interests material to the Group.

43 RETIREMENT BENEFITS SCHEME CONTRIBUTION

According to the relevant laws and regulations in the Mainland China, Hong Kong and Macao SAR, the Group's certain subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The contribution to fund the retirement benefits of the employees are calculated based on certain percentage of the average employee salary as agreed by local municipal government to the scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution under the schemes. Contributions to the schemes vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

44 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current assets		
Investments in subsidiaries	**4,724,292**	4,625,274
Amounts due from subsidiaries	**1,705,623**	1,679,280
Other non-current assets	**285,582**	289,826
	6,715,497	6,594,380
Current asset		
Cash and cash equivalents	**1,876**	2,524
Current liabilities	**168,034**	167,505
Net current liabilities	**(166,158)**	(164,981)
Total assets less current liabilities	**6,549,339**	6,429,399
NET ASSETS	**6,549,339**	6,429,399
CAPITAL AND RESERVES		
Issued equity	**5,887,384**	5,887,384
Contributed surplus	**355,678**	670,469
Exchange reserve	**(143,728)**	(272,495)
Retained earnings	**450,005**	144,041
TOTAL EQUITY *(note)*	**6,549,339**	6,429,399

44 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Issued equity *RMB'000*	Contributed surplus *RMB'000*	Exchange reserve *RMB'000*	Retained earnings *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023	5,887,384	1,073,872	(376,474)	141,386	6,726,168
Changes in equity for 2023					
Profit for the year	–	–	–	2,655	2,655
Other comprehensive income for the year	–	–	103,979	–	103,979
Dividends approved in respect of the previous year *(note 12)*	–	(403,403)	–	–	(403,403)
Balance at 31 December 2023 and 1 January 2024	5,887,384	670,469	(272,495)	144,041	6,429,399
Changes in equity for 2024					
Profit for the year	**–**	**–**	**–**	**305,964**	**305,964**
Other comprehensive income for the year	**–**	**–**	**128,767**	**–**	**128,767**
Dividends approved in respect of the previous year *(note 12)*	**–**	**(314,791)**	**–**	**–**	**(314,791)**
Balance at 31 December 2024	**5,887,384**	**355,678**	**(143,728)**	**450,005**	**6,549,339**

(Expressed in RMB unless otherwise indicated)

45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standard, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**21,264,854**	21,728,120	23,002,701	22,641,396	21,380,740
Profit before tax	**1,224,010**	846,235	1,186,723	900,122	671,742
Income tax	**(149,019)**	(162,119)	(61,777)	(19,615)	(18,317)
Profit for the year	**1,074,991**	684,116	1,124,946	880,507	653,425
Profit attributable to					
– Owners of the Company	**1,061,480**	625,549	1,117,206	866,612	644,074
– Non-controlling interests	**13,511**	58,567	7,740	13,895	9,351
	1,074,991	684,116	1,124,946	880,507	653,425

	At 31 December				
	2024	2023	2022	2021	2020
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**21,417,216**	21,982,901	20,821,811	17,494,493	17,109,032
Total liabilities	**(10,782,098)**	(12,064,117)	(11,090,165)	(8,510,769)	(8,942,481)
Net assets	**10,635,118**	9,918,784	9,731,646	8,983,724	8,166,551

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