

## CHAIRMAN'S STATEMENT

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The Group still experienced difficult operation environment last year. In order to reverse this adversity, the management has taken the initiative to streamline its structure while finding a way out for new business. So far, the management's effort has yielded some fruitful results. Through the acquisition of China Fertilizer (Holdings) Company Limited, the Company has been successful in transforming into an enterprise engaged in fertilizer business, opening a new chapter for its business development. As the sole overseas listed flagship company of Sinochem Corporation, the Group is about to set sail heading for a new world.

The acquisition has completed smoothly under close preparation and with the help of different quarters. This success is the result of the untiring effort and support of all parties involved, which I would like to extend my heartfelt thanks for.

We are deeply convinced that with our competent management team of the fertilizer business and our firm business foundation, coupled with the strategic cooperation with a leading international enterprise, we are sure to capitalize on the rapid development of the economy of China for satisfactory growth. Meantime, as a listed company, we shall carry through the best corporate governance, and shall repay the long-term support and trust of all circles and our shareholders with our superb results.

**Liu Deshu**

*Chairman*

Hong Kong, July 27, 2005