

中化化肥控股有限公司 SINO FERT HOLDINGS LIMITED

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



2025

INTERIM REPORT

**NURTURING
CHINA'S
AGRICULTURE
SECTOR**





Contents

Definitions	2	Consolidated Statement of Profit or Loss and Other Comprehensive Income	38
Corporate Information	5	Consolidated Statement of Financial Position	40
Chairman's Statement	7	Consolidated Statement of Changes in Equity	42
Chronicle of Events	10	Condensed Consolidated Cash Flow Statement	43
Management Review and Prospect	14	Notes to the Unaudited Interim Financial Report	45
Management's Discussion and Analysis	23	Additional Information	67
Interim Review Report	37		

Definitions

In this interim 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 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
"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



Definitions (continued)

Term	Definition
"PRC" or "China"	the People's Republic of China, which for the purposes of this interim 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
"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
"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 in 2024
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	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

CORPORATE INFORMATION





Corporate Information

Board of Directors

Non-Executive Directors

Mr. SU Fu (*Chairman*)
Ms. ZHANG Guangyan

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
Ms. ZHANG Guangyan

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
Ms. WANG Ling

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

Email : ir_sinofert@sinochem.com
Address : **Hong Kong**

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

Beijing

Level 18, Youan International Tower
Xitieving Middle Road
Fengtai District
Beijing 100069, PRC

CHAIRMAN'S STATEMENT





Chairman's Statement

To shareholders,

On this pleasant occasion of the release of our 2025 interim report, on behalf of the Board of Directors and the management of the Company, I would like to extend the most sincere greetings and heartfelt thanks to all my close fellows and partners who have long been concerned with the development of the Company and have strongly supported our progress.

Over the past six months, geopolitical conflicts continued to have an impact, and the global economy faced greater downward pressure. Faced with the complex internal and external environment, the Chinese government successively introduced a series of incremental policies, the steady promotion of related protective policies, the prices of the three major grains were gradually rising to recover their levels in 2024. The prices of major fertilizers and raw materials fluctuated frequently, the industry speeded up its green transformation driven by policies, and the promotion of high-efficiency fertilizers and special-purpose fertilizers achieved remarkable results to meet the diversified needs of agricultural production. Leading enterprises integrated the entire industry chain, concentrated the layout of production capacity on a large scale, and practiced technological innovation and industrial upgrade in tandem. The industry was transforming from the traditional competition of production capacity to the compound competition of "products + technology + services".

The Group has always adhered to the initial aspirations of serving agriculture, rural areas and farmers and ensuring the food security, firmly promoted the transformation of "Bio+" strategy, closely focused on the main directions of "innovative steering, excellent operation, and green development", made solid progress across key tasks, and achieved steady growth in operating results, as well as realising the consolidation and improvement of its core competitiveness. The Group sold 4.74 million tons of fertilizers, representing a year-on-year increase of 1.72%; revenue reached RMB14,715 million, representing an increase of 7.56% year-on-year; profit attributable to owners of the Company amounted to RMB1,104 million, representing an increase of 5.04% year-on-year; and the debt-to-asset ratio further declined to 43.31%, which reflected the sound financial position of the Group. These achievements stemmed from the diligence and dedication of all employees and the Company's continuing efforts on resources protection, product research and development (R&D), and market expansion.

Chairman's Statement (continued)

We continued to strengthen the protection capabilities for core resources under our “Bio+” strategy, thus laying a solid foundation for our sustainable development. With technological innovation as the core driver, we successively launched high-end biofertilizer products such as “Huanfeng (煥豐)”, “Songtian (頌甜)”, and “Zhiyang (智養)”, along with a new model of MCP (feed-grade monocalcium phosphate). Through the close synergy of the integrated system of research, production and marketing, as well as capitalizing on the national distribution channels, a series of activities to support farmers and stabilize the supply were carried out by leveraging service platforms such as “Nong Xiao Hui (農小惠)”, “Nong Da Quan (農達圈)”, the New Media Content Platform of Technology Benefits to Farmers (科技惠農新媒體內容平台), and the 400 Customer Service Platform (400 客戶服務平台). In the first half of the year, “Bio+” high-end Class products made a breakthrough in terms of economies of scale, with the sales volume of 260,000 tons, representing a year-on-year increase of 51%. At the same time, we made further steps to steadily strengthen the collaborations with international and domestic suppliers, continuously reinforced the industrial chain synergy and business cooperation, jointly created a paradigm of cooperation, implemented the policy of ensuring stable supplies and prices and promoted the high-quality development of the enterprises.

The Group attached great importance to green and sustainable development. We ensured that key tasks of quality management in production and operation were implemented efficiently through experiences sharing, strengths enhancement, indicators setting, etc. Sinochem Chongqing Fuling Industry Co., Ltd. (“Sinochem Fuling”) and Sinochem Yunlong Co., Ltd. (“Sinochem Yunlong”) solidly promoted the comprehensive utilization of phosphogypsum, and Sinochem Jilin Changshan Chemical Co., Ltd. (“Sinochem Changshan”) carried out technological transformation and technical measures, utilized green power, reduced its costs and improved its efficiency, while consolidating its capacity of sustainable development. The “HOPE” Soil Health Platform signed a strategic agreement with the Institute of Sand Control and Utilization of the Liaoning Academy of Agricultural Sciences to deepen the cooperation in the creation and promotion of modern planting solutions such as focusing on the “promotion of high-quality peanut varieties, soil health improvement, scientific fertilization, green prevention and control, and regenerative agriculture” to support the green transformation of agriculture. The Group attaches tremendous importance to green and sustainable development. In July 2025, the Group’s Wind ESG rating was upgraded from BBB to AA, fully demonstrating remarkable achievements and leading strength of the Group in ESG and sustainable development.



Chairman's Statement (continued)

Looking forward, the Group will firmly adhere to the transformation of the “Bio+” strategy, adhere to scientific and technological innovation as the core driving force, continue to optimize the product structure, improve operational efficiency, accelerate digital transformation, and cultivate new quality productive forces. We are confident and capable to maintain steady progress in the complex and dynamic market environment, thereby bringing greater value for shareholders, and contributing to the stabilization of supplies and prices of fertilizers, national food security and agricultural modernization.

Last but not least, I would like to sincerely thank all shareholders for their steadfast understanding, trust and support. With this robust confidence as momentum, we keep moving forward. In the second half of the year, we will continue to firmly expedite the transformation of the “Bio+” strategy, promote the implementation of various key measures, serve the society with concrete corporate commitments to a larger extent, and reward our investors with stable and high-quality operations.

SU Fu

Chairman of the Board

Hong Kong, 25 August 2025

Chronicle of Events

JANUARY 2025



A micromovie named “Face (面子)” selected by the Group was recognized for excellent storytelling regarding the branding of state-owned enterprises. The micromovie vividly outlined the story of the technicians of the Group who played a key role to restore the fame of the “King of Grapes” in the demonstration village for grape planting through the scientific use of fertilizers, demonstrating the Group’s brand image for supporting farmers to increase their production and income, and actively practicing its social responsibilities and social commitments.

FEBRUARY 2025



The Group launched a high-end biological water-soluble fertilizer product named “Zhiyang (智養)®”, which integrates a dual-core technology of X-PATec and ALGigard, thereby allowing the activation of the immunity of the crops, enhancing the growth potentials and resilience of crops, as well as improving the quality and yield. The instant solubility and rapid effectiveness of fertilizers facilitate the quick absorption of nutrient, while contributing to the shortened cultivation cycle and the early marketing of crops.



MARCH 2025



The “HOPE” Soil Health platform under the Group participated in the “Creating a Green Future Together for 2025: Green Transformation Forum between Norway and China (2025共築綠色未來：挪威－中國綠色轉型論壇)” hosted by, among others, the Royal Norwegian Embassy in Beijing and the Innovation Norway, and presented a keynote report titled “New quality productive forces contribute to the green transformation of agriculture”.



Chronicle of Events (continued)



The Group proactively implemented the distribution of potash fertilizers to effectively meet demands for potassium of key production enterprises nationwide and ensure the supply of potash fertilizers for spring cultivation.



Zheng Xiangdong, the Vice Mayor of Chongqing, visited Sinochem Fuling to conduct surveys and research on works and listened to the on-site reporting on the production and operation of the enterprise and the comprehensive utilization of phosphogypsum. It was hoped that the cooperation between the central and local governments was further strengthened, with new quality productive forces developed for supporting the high-quality development of the industry and economy of Chongqing.



Chronicle of Events (continued)

APRIL 2025



The Group and Yunnan Yuntianhua Co., Ltd. (雲南云天化股份有限公司) discussed and exchanged views on further deepening the mutual strategic cooperation and promoting the green and high-quality development of Yunnan Three Circles-Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem"), and entered into a strategic cooperation agreement, aiming at conducting the in-depth business synergy, jointly promoting the supply and price stability, and jointly building an ecosystem for industrial cooperation.



MAY 2025



The first batch of compound fertilizers produced in Belgium by the Group arrived in Laos with the carriage by the China-Laos international freight train, marking a key breakthrough in the Group's compound fertilizer business in the Southeast Asian market. A model of "sea-rail intermodal transportation + bonded transshipment", with Zhanjiang as the hub connecting Europe and Southeast Asia, has been fully implemented, thereby injecting new momentum into the high-quality development of economic and trade cooperation under the Belt and Road Initiative.



The Group convened a communication meeting for exchanging views on business operation with investors for the first quarter, during which the management communicated and exchanged views with analysts and investors on the production and operation of phosphate, potash and compound fertilizers of the Company, the progress of the "Bio+" strategy, the medium to long-term strategic planning, capital operation plan, etc., of the Company.



Chronicle of Events (continued)



The Group held an exchange meeting jointly with Sinopec Marketing Company Limited on the business expansion of agricultural inputs and fertilizers, with the theme of “Sinofert and Sinopec Join Hands to Serve Agriculture, Rural Areas and Farmers (兩化攜手、服務三農)”, aiming to deepen the mutual strategic cooperation, explore new models for business synergy, and jointly respond to industry opportunities and challenges.



The Group participated in the 2025 Annual Meeting of International Fertilizer Association (IFA) and engaged in discussions with a number of important international fertilizer suppliers and partners, focusing on in-depth communication with core potash, compound and phosphate fertilizer suppliers and partners such as APC, Canpotex, FSS, BPC, BHP, FertiStream, Yara, etc., to consolidate and deepen



current cooperations with them, while exploring new cooperation opportunities, with their respective advantages and strategic development directions taken into account.

JUNE 2025



China's potash import negotiation team has reached an agreement with Food Safety Supply Chain Limited (Dubai) on the contract price of imported potash for 2025, determined to be US\$346/ton (CFR). Contract negotiations and the smooth conclusion of the contract price of imported potash gave full play to ensure the supply of goods in the second half of the year and the spring of next year, enhance the guarantee capacity of supply chain for potash fertilizers, support the stable production and increased farmers' income and build a solid barrier for national food security.

Management Review and Prospect

Business Environment

In the first half of 2025, the international economic situation was complex and ever-changing, and the intensified regional conflicts had brought bigger challenges to the guarantee of global supply chains, and at the same time, due to the impact of trade protectionism, the rate of global GDP growth was under the pressure to slow down, which was expected to range from 2.5% to 2.8%, and the growth rate of developed economies was generally below 2%. The Chinese government's fiscal and monetary policies made concerted efforts, and the economy made steady performance while securing progress. The domestic GDP growth in the first half of the year was 5.3%, thus reflecting stronger resilience and stability.

The fertilizer industry was affected by domestic capacities of nitrogen and phosphorus and international supply of potash fertilizers and sulfur, and the prices of major fertilizer products fluctuated violently, showing an uptrend followed by a decline. At the beginning of the year, driven by the cost of raw materials and the demand for spring ploughing, the prices of fertilizers such as urea and potash fertilizers rose, and with the release of reserves by the national government, urea, phosphate fertilizer and potash fertilizer began to weaken and stabilize. From the perspective of supply and demand, the government's policy of ensuring stable supplies and prices continued to take effect. On the supply side, the release of additional production capacity increased the production volume of urea and other products, and the production volume of urea in the first half of the year increased by 9.59% year-on-year, but exports remained low, and the export volume from January to June decreased by 44% year-on-year; the cumulative export volume of mono-ammonium phosphate was 257,000 tons, representing a decrease of 72.5% over the same period in last year; the

cumulative export volume of di-ammonium phosphate was 599,000 tons, representing a decrease of 60.4% over the same period in last year, thus effectively ensuring the domestic demands for fertilizers.

The Group has always adhered to its missions and responsibilities of supporting the food security and serving Chinese farmers, focused on its main responsibilities and main business, firmly promoted the "Bio+" strategy, taken scientific and technological innovation as the core driver, strengthened industrial synergy and accelerated commercial transformation, enhanced digital capabilities of channels, further improved quality and efficiency, and achieved its growth in both of operating effectiveness and operating efficiency.

Financial Performance

For the six months ended 30 June 2025, the Group achieved a revenue of RMB14,715 million, and a profit attributable to owners of the Company of RMB1,104 million, representing a year-on-year increase of 5.04%.

Research and Development

In the first half of 2025, leveraging the national R&D platforms such as the "National Engineering and Research Center for Cultivated Land Protection", etc., the Group focused on promoting the establishment of its R&D capabilities for "Bio+" and product innovation. In terms of establishing its R&D capabilities for "Bio+", the Group established a new set of biotechnology research models to improve research capabilities of targeted technology, built a biological testing system of "Bio+" and standardized the testing and evaluation processes for in-field and potted "Bio+" series of products. In terms of technological researches, three core biotechnologies such as biological phosphorus



Management Review and Prospect (continued)

solubilisation and targeted efficiency enhancement reached the application stage, and related product development was initiated. In terms of product development and commercialization, integrated biotechnology was applied to launch and market biological fertilizers of “Zhiyang” and “Huanfeng”, to develop water-soluble upgraded products named “Meilinmei” and “Lanlin”, which were under trial production and trial marketing. The R&D results transformed into 1.01 million tons, of which the transformed volume of high-end Class products increased by 59% year-on-year.

Basic Business Segment

The Basic Business Segment mainly includes 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 ensuring stable supplies and prices of agricultural inputs in the domestic market.

In terms of potash fertilizer operations, in the first half of 2025, prices of domestic potash fertilizers rose rapidly due to multiple factors. The Group paid close attention to market changes, conscientiously implemented the requirements for the release of reserves of potash fertilizers, and seized market opportunities to increase the volume and profit contribution. The Group continuously strengthened its resources procurement, and played an important role in the negotiations on the import of potash fertilizers in 2025 in order to facilitate the closing of the negotiations. The Group continued to expand the cooperation system of potash fertilizer suppliers and completed the first batch of cooperations with new international suppliers. While maintaining in-depth cooperations with leading domestic potash fertilizer enterprises, the Group expanded several

new cooperative suppliers to ensure diversified supply channels of resources. The Group continuously upgraded the capabilities of our core customer service system and deepened cooperations with key factory customers in various regions. The Group optimized the marketing system of agricultural potash with “Fenghexiang” as the core, created a multi-product matrix of potassium chloride and potassium sulfate, applied integrated biotechnology and nutrient-efficiency technology, and continued to increase the sales volume of the bio-potash fertilizer brand of “Weidefeng” to further consolidate its profitability.

In terms of phosphate fertilizer operations, the Group relied on the operation model of the whole industry chain to effectively resist various risks and challenges. With the construction of its centralized procurement capabilities at the core, the Group deeply collaborated with leading enterprises in the industry to establish a strategic supply system with comprehensive cost leadership. 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. At the same time, the Group accelerated its innovation and transformation, and since the launch of “Meilinmei” series of bio-phosphate fertilizers, the cumulative sales volume exceeded 1 million tons, thereby supporting thousands of farmers to increase their production with less usage of fertilizers and efficiency improvement.

Growth Business Segment

The Growth Business Segment of the Group mainly includes 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.

Management Review and Prospect (continued)

The business operation of bio-compound fertilizers closely focused on the deployment of the “Bio+” strategy, which targeted sustained and high-speed growth in the medium to long term, while adhering to the operation of differentiated products, and deepening the adjustment of product structure. On the one hand, the Group concentrated on developing the key core products of bio-compound fertilizers, focused on cultivating “Bio+” high-end Class products, and promoted the achievement of another record high in terms of the scale of volume and profit. Among them, the sales volume of “Bio+” high-end Class products increased by 51% year-on-year in the first half of the year, which remained flat as compared with the full-year sales volume of 2024. On the other hand, by focusing on operation resources, the Group continued to optimise its product system, and cultivated the core products with distinctive characteristics and brand influence represented by “Lanlin”, “Yaxin”, “Kedefeng”, “Huanfeng” and “Zhiyang”, etc. At the same time, the Group deepened the reach of the whole purchase journey of users, continuously innovated and refined the technical marketing and promotion model of “Bio+” high-end Class products, accelerated the penetration of the biological product market, and further enhanced its brand influence in the market while driving the steady growth of the scale of volume and profit.

The special fertilizer operations were firmly committed to implementing the dual-wheel driven transformation focused on “biological fertilizers and soil health”, while proactively promoting the synergy in research, production and marketing of special fertilizers, as well as continuously deepening its commitment to the R&D of biological fertilizers and the protection of soil health, all of which aimed to help the Group seize first-mover opportunities in the trend of green transformation on agriculture, thereby achieving the win-win outcomes from high-quality development and ecological benefits. In the first half of 2025, the sales volume reached 135,000 tons, which reflected that the operational quality continued to improve. Key core products such as the “dual products of ‘You’ – Youliangmei and Youcuiyu”, “Moli+” series and other core products achieved the sales volume of 42,000 tons, representing a year-on-year growth of 13%. The Group continued to launch new products, for which its successfully introduced “Songtian”, the algae-derived phosphorus-potassium bio-stimulant product of key significance designed to be versatile for both cash crops and grain crops, thereby gradually forming a business model of “internal efficient synergy + external ecological empowerment + continuous product innovation”. This model has become an increasingly important engine for the stable growth in profit of the Group.



Management Review and Prospect (continued)

In the first half of 2025, the Group continued to promote the cross-business synergistic development of Syngenta Group China, proactively launched comprehensive synergistic relationships with various business units, with crop protection (products) and seed businesses witnessing stable growth. The Group achieved RMB210 million of revenue from the synergistic business of crop protection (products). Through measures such as introducing a diverse range of customized products, expanding core product applications across crop types, leveraging digital tools and facilitating upstream-downstream collaboration with synergy partners, the Group drove steady development of its crop protection (products) synergy business. The revenue from seed synergistic business amounted to RMB32.09 million, with sales of nearly 30 synergistic species with the seed business unit in rice and corn. In terms of production R&D, the Group collaborated with Sinochem Agriculture Holdings Limited to promote the customization and commercialization of the core masterbatch series of products, ensuring the steady supply of fertilizer products.

Production Business Segment

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

Sinochem Yunlong leveraged the construction of the FORUS (Fore Runner System) system to continuously enhance its HSE core competitiveness. In the first half of 2025, despite rising costs of raw materials, Sinochem Yunlong stabilized its consumption of raw materials, implemented strict internal control management, and continued process innovation. It developed a new product – high-phosphorus feed-grade calcium dihydrogen phosphate (MCP23) and increased production of high-value-added granular feed-grade calcium dihydrogen phosphate products. Sinochem Yunlong achieved the production volume for MCP/DCP of 190,900 tons, the sales volume of 195,700 tons, and the profit before taxation of RMB310.26 million, representing a year-on-year increase of RMB68.98 million. Meanwhile, Sinochem Yunlong accelerated the procedures for the Meizushao Phosphate Mine and the preliminary preparatory work for the 2.2 million tons/year integrated mining and processing project, while continuing to achieve 100% comprehensive utilization of phosphogypsum to support Sinochem Yunlong's high-quality development.

Management Review and Prospect (continued)

In the first half of 2025, Sinochem Fuling faced multiple challenges such as persistently high prices of phosphorus ore and rising prices of sulfur. Sinochem Fuling continuously innovated its technology and optimized its equipment to ensure efficient production operations thereof, with the increase in comprehensive capacity utilization rate to 101.8%, thus achieving operations with “safety, stability, enduringness, fullness and excellence”. By fully leveraging the advantage of flexible production of its facilities, Sinochem Fuling successfully produced bio-phosphate fertilizers such as “Linbao” and “Meilinmei”, and subsequently launched additional biological fertilizers including “Yaxin” “Kedefeng”, etc., thereby creating new growth drivers of profits. By adhering to the concept of green development and firmly completing the task of phosphogypsum consumption, Sinochem Fuling processed 476,500 tons of phosphogypsum in the first half of the year, representing a year-on-year increase of 259%. In the first half of 2025, profit before taxation amounted to RMB7.84 million, representing a year-on-year decrease of RMB73.83 million.

Sinochem Changshan has achieved steady growth in the production volume of its main products for six consecutive years. However, due to the significant decline in market prices for synthetic ammonia and urea, Sinochem Changshan achieved a profit before taxation of RMB0.51 million for the first half of 2025, representing a year-on-year decrease of RMB41.69 million. Sinochem Changshan has adhered to its main route of green development as well as quality improvement and efficiency enhancement, while collaborating with third-party partners to implement and operate the projects of photovoltaic power generation and carbon dioxide recycling. Green carbon reduction efforts have achieved phased results, with cumulative gains through cost-saving and consumption-reduction approaches amounting to RMB9.71 million as of June 2025. Meanwhile, Sinochem Changshan promoted the extension of supply chain and increase its pathways of strategic development, with the formamide projects in the phase of comprehensive installation scheduled for completion and operation by the end of the year.



Management Review and Prospect (continued)

Digital Service Innovation

In the first half of 2025, the Group continued to promote free soil testing services, technical guidance for field activities, online and offline technical seminars, as well as the protection of rights and anti-counterfeiting, and integrated quality resources to provide a full range of technical solutions on crops for farmers. The Group cumulatively carried out more than 35,000 activities in relation to comprehensive technical services. By combining soil improvement with fertilizer application, the Group explored new modes of scientific fertilizer application which reasonably improved the soil environment and reduced the amount of pesticide and fertilizer application. Fertilizer and pesticide solutions were developed according to the pain points of crop cultivation, and good seeds and good methods were promoted for the efficient development of the agricultural industry. By fully leveraging the advantages of biotechnology, green and sustainable agricultural development were empowered by the application of biotechnology. The combination of online and offline services with private domain labeling deposition has accelerated user attraction. Accumulated more than 16,000 “Nong Xiao Hui” online retail shops were formed with overall coverage of agricultural counties of over 90%. More than 7,000 offline promotion meetings were held, and the digital marketing activities benefited more than 2.2 million farmers. A total of over 2,300 pieces of content, including texts and images, short videos, and live streamings, have been published and reached more than 15 million viewers online to continuously improve marketing efficiency with integrated resources.

Internal Control and Management

The Group’s internal control and risk management system was established according to 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 “Guidelines on Comprehensive Risk Management for Central Enterprises”, the “Basic Rules of Corporate Internal Control” and its referencing guidelines, and the “Measures for Compliance Management of Central Enterprises” of China as well as in compliance with the national requirements on strengthening internal control system establishment and supervision in recent years. With risk management orientation, the Group focused on alignment of internal control establishment with strategic development, setting up an internal control and management system integrated with business management, and formulating management and control processes. Through risk identification, assessment and response measures, the Group provided risk management alerts and responses to major risks throughout the entire process to protect the value of its enterprises.

Management Review and Prospect (continued)

In the first half of 2025, the Group fully implemented the requirements of the State-owned Assets Supervision and Administration Commission for the construction and supervision of internal control of state-owned enterprises, improved the internal control management system and mechanism, implemented the supervisory responsibilities of the Board of Directors for the internal control system, continued to carry out its works on the special project of internal control improvement and improved the quality of the control of the Company. The Group improved its system construction and revised and published 22 systems, in order to ensure the smooth and orderly process of operation and management, and to empower, support and safeguard the fulfillment of the “Bio+” strategic transformation and business development. The Group continued to carry out various forms of publicity on the culture of compliance, including 4 presentation activities on topics of internal control and risks by sales team heads and department heads of the middle and back office. By signing compliance commitment letters and conducting professional department trainings, monthly meetings with special topics with responsible personnel for finance and risk matters, daily WeChat promotion of management experiences on compliant internal control, and encouraged the management at all levels to firmly establish a scientific and stable concept of operation safety. The Group proactively created a benign and compliant internal control ambience of “steady operation and healthy development”.

In the first half of 2025, the internal control and risk management system of the Group met the requirements of domestic and foreign regulatory agencies, thus ensuring its business compliance and the stable development of the Group. The internal control and management function adapted to the market changes in terms of operation environment, and 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 and strategies.

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 and service network for agricultural inputs covering more than 96% of China’s arable land during the key production periods of spring ploughing, 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.



Management Review and Prospect (continued)

The Group proactively invested in commercial reserves of potash fertilizers to secure the demands for spring ploughing, maintained a high operating rate at production plants, enhanced the development and promotion of biotechnology and products for fertilizer reduction 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 the first half of 2025, the Group closely aligned with the core requirements of the No. 1 policy document issued by the Central Government in 2025, while consistently implementing the comprehensive advancement of rural revitalization and the accelerated modernization of agriculture and rural areas. With the theme of “stabilizing grain production, increasing oil output, improving yield per unit area, and protecting farmland”, the Group established over 1,500 lots of experimental demonstration fields and provided over 50 integrated technical solutions for enhancing crop yield per unit area. Through focusing on key growth stages of crops and prioritizing farmland protection and soil quality improvement, over 3,000 technical training sessions have been held both online and offline to precisely address the planting challenges faced by farmers.

The “HOPE Soil Health+” service platform of the Group, driven by digital and technological innovation, has established a leading O2O model of “soil health hospital” in China, driving the transformation and upgrading of the traditional agricultural inputs industry towards a technology-service oriented model, and supporting the implementation of the national agricultural strategy for the “last mile” in rural areas. The “HOPE Soil Health+” platform focused on three core services: “diagnosis on soil issues – soil health improvement – sustainable soil health management”. Leveraging on technological innovation and business model innovation, the platform provides users with a comprehensive solution integrating the four major elements of “soil health + efficient nutrition + green prevention and control + renewable agriculture”.

22 sets of soil health indicator systems applicable to different scenarios have been set up on the “HOPE Soil Health+” platform, 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. The “HOPE Soil Health+” platform successfully held two sessions of Soil Health and Regenerative Agriculture Forum, implemented the third training program on soil health for new quality talents, as well as establishing its brand influence and gaining multiple social honors. 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.

Management Review and Prospect (continued)

Outlook

In the second half of 2025, the fertilizer industry will face the co-existence of opportunities and challenges. On the policy front, regulatory measures centered on “food safety” and “ensuring stable supplies and prices” will help curb significant price fluctuations. On the demand side, rigid agricultural demands will focus on fertilizers for fruit and vegetable crops and wheat, but overall demand will remain below that of the first half of the year. On the supply side, there will be a substantial increase in new production capacity in operation for compound fertilizers and urea, thus intensifying the market competition.

With the attention to and improvement in the quality of living and environmental protection among the population, agricultural modernization and green development have become inevitable trends. This brings unprecedented development opportunities as well as greater responsibilities and missions for the Group. Only by staying rooted in the industry and creating value can we stand firm in the tide of the times; only by embracing change and daring to reform can we maintain our vitality in competitions; only by assuming social responsibilities and giving back to society can the corporate growth be more meaningful. In the future, the Group will continue to steadfastly advance its “Bio+” strategy, with technological innovation as the driving force, crop needs as orientation, and customers as the very centre, while continuously optimizing its product structures and service systems to enhance its core competitiveness, as well as bring better returns with its stable and sustainable development for the trust and support of the shareholders.

Management's Discussion and Analysis

For the six months ended 30 June 2025, the sales volume of the Group was 4.74 million tons, up by 1.72% over the six months ended 30 June 2024. Revenue of the Group was RMB14,715 million, up by 7.56% over the six months ended 30 June 2024. The gross profit of the Group was RMB2,025 million, up by 21.77% over the six months ended 30 June 2024. Profit attributable to owners of the Company was RMB1,104 million, up by 5.04% over the six months ended 30 June 2024.

I. OPERATION SCALE

(I) Sales volume

In the face of various internal and external risks and challenges, the Group always adhered to the mission of “supporting the food security and serving Chinese farmers”, solidly promoted the work of ensuring supplies and stabilizing prices with pragmatic measures, accelerated the implementation of the “Bio+” strategy with scientific and technological innovation as the core driver, and served the overall situation of agricultural development with practical actions. For the six months ended 30 June 2025, the sales volume of the Group was 4.74 million tons, up by 1.72% over the six months ended 30 June 2024. The total sales volume of various differentiated products was 1.5 million tons, up by 13.64% over the six months ended 30 June 2024, providing strong support for the steady operation and development of the Group.

(II) Revenue

For the six months ended 30 June 2025, the Group recorded revenue of RMB14,715 million, up by RMB1,034 million or 7.56% over the six months ended 30 June 2024, mainly due to the increase in the sales volume and the average selling price.

Table 1:

	For the six months ended 30 June			
	2025		2024	
	Revenue RMB'000	As percentage of total revenue	Revenue RMB'000	As percentage of total revenue
Compound fertilizers	5,166,550	35.11%	4,691,743	34.29%
Phosphate fertilizers	4,361,849	29.64%	4,175,840	30.52%
Potash fertilizers	2,988,443	20.31%	2,507,905	18.33%
Monocalcium/Dicalcium phosphate (MCP/DCP)	841,710	5.72%	672,023	4.91%
Special fertilizers	312,531	2.12%	443,668	3.24%
Others	1,043,730	7.10%	1,189,693	8.71%
Total	14,714,813	100.00%	13,680,872	100.00%

Management's Discussion and Analysis (continued)

(III) Revenue and results by segment

The Group's business divisions are based on promoting the strategic transformation of "Bio+" and are set up into three segments, namely Basic Business Segment, Growth Business Segment and Production Business Segment. The Basic Business Segment includes the domestic distribution business of strategically procured potash fertilizers, phosphate fertilizers and sulphur and the export trading business; the Growth Business Segment includes 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; and the Production Business Segment includes the production and sales business of Sinochem Yunlong, Sinochem Fuling and Sinochem Changshan.

Below sets forth an analysis of the Group's revenue and profit by the above segments for the six months ended 30 June 2025 and the six months ended 30 June 2024:

Table 2:

	For the six months ended 30 June 2025				
	Basic Business RMB'000	Growth Business RMB'000	Production Business RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External revenue	7,556,950	5,857,437	1,300,426	–	14,714,813
Internal revenue	2,549,867	1,895,120	1,901,726	(6,346,713)	–
Segment revenue	10,106,817	7,752,557	3,202,152	(6,346,713)	14,714,813
Segment profit	718,656	419,715	301,125	–	1,439,496

	For the six months ended 30 June 2024				
	Basic Business RMB'000	Growth Business RMB'000	Production Business RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External revenue	6,877,763	5,555,240	1,247,869	–	13,680,872
Internal revenue	905,584	1,871,849	1,705,562	(4,482,995)	–
Segment revenue	7,783,347	7,427,089	2,953,431	(4,482,995)	13,680,872
Segment profit	468,707	398,244	356,993	–	1,223,944



Management's Discussion and Analysis (continued)

Segment profit represents the profit earned by each segment without taking into account of unallocated share of results of associates and joint ventures, unallocated expense/income and finance costs in relation to the unallocated bank loans 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 six months ended 30 June 2025, the segment profit of the Group was RMB1,439 million, representing an increase of RMB215 million year-on-year. The Basic Business Segment faced adverse impacts such as supply shortages caused by escalating international geopolitical conflicts, and high volatility in prices of raw materials like phosphate rock, sulphur and fertilizers. The segment continued to strengthen strategic procurement, actively expanded diversified procurement channels, deepened cooperation with leading industry enterprises, established a strategic supply system with comprehensive cost leadership, increased market deployment efforts, and actively implemented measures to ensure supplies and stabilize prices. Meanwhile, it promoted the use of bio-phosphate fertilizers and bio-potash fertilizers to reduce overall fertilizer costs. In the first half of 2025, the segment achieved a profit of RMB719 million, representing an increase of 53% compared to the same period in last year. Relying on the integrated excellent operation system of research, production and marketing, the Growth Business Segment achieved the sales volume of differentiated compound fertilizers of 1.17 million tons in the first half of the year, representing an increase of 70,000 tons year-on-year, of which the sales volume of "Bio+" high-end Class products increased by 51% year-on-year, which led to a steady growth in the scale of volume and profit. It achieved the segment profit of RMB420 million in the first half of 2025, representing an increase of 5% compared with the same period in last year. The Production Business Segment adhered to the construction of the core competitiveness system of the FORUS (Fore Runner System), focused on the safe, stable, enduring, full and excellent operation of the production equipment, strict internal control management, continuous process innovation, and increased the production volume of high value-added products. However, due to the rise in the price of the main raw materials of phosphorus chemical products, the imbalance between supply and demand in the domestic synthetic ammonia and urea market and the decline in price (the price of Sinochem Changshan's synthetic ammonia per ton decreased by RMB441 year-on-year). In the first half of 2025, the segment profit was RMB301 million, representing a decrease of 16% compared to the same period in last year.

II. PROFIT

(I) Share of results of joint ventures and associates

Share of results of joint ventures: For the six months ended 30 June 2025, the Group's share of results of joint ventures was a profit of RMB27 million, representing a decrease of RMB81 million as compared with share of results of joint ventures amounted to a profit of RMB108 million over the six months ended 30 June 2024, which was mainly attributable to the share of results of Three Circles-Sinochem was a profit of RMB34 million, representing a decrease of RMB70 million over the corresponding period in last year.

Management's Discussion and Analysis (continued)

Share of results of associates: For the six months ended 30 June 2025, the Group's share of results of associates was a profit of RMB2 million, representing a decrease of RMB42 million as compared with share of results of associates amounting to a gain of RMB44 million for the six months ended 30 June 2024, which was mainly attributable to a year-on-year decrease of RMB33 million in the share of gain of Guizhou Xinxin Industrial Holdings Group Co., Ltd. and Guizhou Xinxin Coal Chemical Co., Ltd..

(II) Income tax

For the six months ended 30 June 2025, the Group's income tax expense was RMB254 million, representing an increase of RMB88 million compared to income tax expenses of RMB166 million for the six months ended 30 June 2024. It was mainly due to an increase in profit before taxation of Sinochem Fertilizer by RMB344 million year-on-year, and a year-on-year increase in the income tax expense calculated based on taxable income according to the taxation laws of Mainland China by RMB76 million.

The subsidiaries of the Group are mainly registered in Mainland China, Macao and Hong Kong, respectively, where income tax rates vary. Among them, the income tax rate of Mainland China, Macao and Hong Kong is 25%, 12% and 16.5%, 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 six months ended 30 June 2025, profit attributable to owners of the Company was RMB1,104 million, representing an increase of 5.04% as compared with RMB1,051 million for the six months ended 30 June 2024. The Group adhered to the guidance of technological innovation, relied on the integrated operation system of research, production and marketing, used a new digital marketing model to improve the efficiency and accuracy of market reach, took multiple measures to improve quality and efficiency, promoted the implementation of the "Bio+" strategy, overcame internal and external challenges, and drove steady improvement in operating results.

For the six months ended 30 June 2025, the net profit margin of the Group, calculated by dividing profit attributable to owners of the Company by revenue, was 7.5%, which was basically unchanged over the same period of last year.



Management's Discussion and Analysis (continued)

III. EXPENSES

For the six months ended 30 June 2025, the total of three categories of expenses amounted to RMB750 million, representing an increase of RMB75 million or 11.11% compared with RMB675 million for the six months ended 30 June 2024, of which:

Selling and distribution expenses: For the six months ended 30 June 2025, selling and distribution expenses amounted to RMB373 million, up by RMB56 million or 17.67% compared with RMB317 million for the six months ended 30 June 2024. This was mainly attributable to the increase in marketing efforts of “Bio+” core products by the Group, increase in marketing activities and agricultural technology services, which led to an increase in the sales volume of differentiated products, resulting in an increase in marketing expenses and labor costs.

Administrative expenses: For the six months ended 30 June 2025, administrative expenses amounted to RMB354 million, representing an increase of RMB27 million or 8.26% compared with RMB327 million for the six months ended 30 June 2024. This was mainly due to continuous efforts to develop the Group's core competitiveness of HSE, the increase in investment in safety production, and continuous improvement, renovation and maintenance of safety facilities, resulting in a year-on-year increase in safety production expenses of RMB13 million.

Finance costs: For the six months ended 30 June 2025, finance costs amounted to RMB23 million, representing a decrease of RMB8 million or 25.81% compared with RMB31 million for the six months ended 30 June 2024. This was mainly due to the decline in financing costs by macro policies guidance, and the initiative optimization of its debt structure and reduction of its financing cost by the Group.

IV. OTHER INCOME AND GAINS

For the six months ended 30 June 2025, the Group's other income and gains amounted to RMB122 million, which was basically unchanged from RMB126 million for the six months ended 30 June 2024. This mainly consisted of interest income, government grants, and fair value gain of derivatives, etc.

V. OTHER EXPENSES AND LOSSES

For the six months ended 30 June 2025, the Group's other expenses and losses amounted to RMB63 million, up by RMB36 million compared with RMB27 million for the six months ended 30 June 2024. This mainly consisted of loss on sales of raw materials and scrapped materials. Sinochem Fuling and Sinochem Yunlong, actively improved the comprehensive utilization rate of phosphogypsum, focused on cement retardants, ecological restoration and other projects, and expanded consumption channels, the disposal cost of phosphogypsum increased in the first half of 2025.

Management's Discussion and Analysis (continued)

VI. INVENTORIES

As at 30 June 2025, the inventories balance of the Group amounted to RMB4,195 million, down by RMB1,030 million or 19.71% compared with RMB5,225 million as at 31 December 2024. The Group reasonably controlled inventory exposure risk in order to cope with the drastic fluctuations in commodity prices after the sales of the spring cultivation season, under the premise of ensuring normal operations. Inventory turnover days decreased by 2 days to 68 days as compared with the same 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 goods sold, and multiplied by 180 days.

VII. TRADE AND BILLS RECEIVABLES

As at 30 June 2025, the balance of the Group's trade and bills receivables amounted to RMB602 million, increased by RMB309 million compared with RMB293 million as at 31 December 2024. This was mainly due to the provision of credit to customers with good credit status by the Group to facilitate peak season sales, resulting in a trade receivables balance of RMB237 million, representing an increase of RMB163 million compared to RMB74 million as at 31 December 2024. The Group actively prevented credit risk, formulated different risk response measures according to the credit rating model of credit customers, and the credit risk was controllable. The turnover days of trade and bills receivables in the first half of 2025 was 5 days, representing a decrease of 3 days compared with the same period of the previous year.

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 180 days.

VIII. INTERESTS IN JOINT VENTURES AND ASSOCIATES

As at 30 June 2025, the balance of the Group's interests in joint ventures and associates amounted to RMB1,012 million, down by RMB146 million or 12.61% compared with RMB1,158 million as at 31 December 2024, mainly due to the increase in the profit of joint ventures and associates and a dividend. In the first half of 2025, the Group's share of investment gains of joint ventures and associates, according to the equity method, resulted in an increase by RMB29 million in the interests in joint ventures and associates. Joint ventures declared dividends, resulting in a decrease by RMB174 million in the interests in joint ventures, of which Three Circles-Sinochem and Gansu Wengfu Chemical Co., Ltd. declared dividends, resulting in a decrease by RMB172 million and RMB2 million in the interests in joint ventures.

During the current period, the Group has not entered into material acquisitions or disposals of joint ventures and associates.



Management's Discussion and Analysis (continued)

IX. OTHER EQUITY SECURITIES

As at 30 June 2025, the Group's balance of other equity securities amounted to RMB206 million, representing an increase of RMB118 million from RMB88 million as at 31 December 2024, which was mainly attributable to the increase in the fair value of the equity resulting from the capital increase by Guizhou Kailin Holdings (Group) Co., Ltd. held by the Group.

As at 30 June 2025, the Group did not hold significant investments accounting for 5% or more of the total asset value of the Group.

X. INTEREST-BEARING LIABILITIES

As at 30 June 2025, the Group's total interest-bearing liabilities amounted to RMB1,788 million, representing a decrease of RMB82 million or 4.39% from RMB1,870 million as at 31 December 2024, which was mainly due to the repayment of bank loans during the current period. For details of the interest-bearing liabilities, please refer to the section headed "XIV. LIQUIDITY AND FINANCIAL RESOURCES".

XI. TRADE AND BILL PAYABLES

As at 30 June 2025, the balance of the Group's trade and bills payables amounted to RMB3,219 million, representing a decrease of RMB68 million or 2.07% from RMB3,287 million as at 31 December 2024, which was mainly due to the bill payables due and repayable.

XII. OTHER PAYABLES AND PROVISION

As at 30 June 2025, the balance of the Group's other payables and provision amounted to RMB1,580 million, representing an increase of RMB461 million compared with RMB1,119 million as at 31 December 2024. This was mainly due to the Company's approval of the 2024 dividend and the special dividend of the 20th anniversary of listing of totaling RMB524 million.

XIII. 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 "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 can be effectively assessed, and the ultimate goal of maximizing the interests of shareholders can be achieved.

Management's Discussion and Analysis (continued)

For the six months ended 30 June 2025, the Group's basic earnings per share was RMB0.1572 and return on equity (ROE) was 10.27%, representing an increase of 0.2 percentage point as compared to as at 30 June 2024.

Table 3:

	For the six months ended 30 June	
	2025	2024
Profitability		
Earning per share (RMB) ^(Note 1)	0.1572	0.1496
ROE ^(Note 2)	10.27%	10.47%

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

Note 2: Calculated based on 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.

As at 30 June 2025, the Group's current ratio was 1.45, and its debt-to-equity ratio was 15.82%, which further strengthened the repayment capacity of the Group. The Group enjoyed relatively high banking facilities and smooth financing channels, and a diversification of funding modalities.

Table 4:

	At 30 June 2025	At 31 December 2024
Solvency		
Current ratio ^(Note 1)	1.45	1.29
Debt-to-equity ratio ^(Note 2)	15.82%	17.59%

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

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



Management's Discussion and Analysis (continued)

XIV. LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2025, cash and cash equivalents of the Group amounted to RMB3,162 million, which was mainly denominated in RMB and US dollar.

Below is the analysis of interest-bearing liabilities of the Group:

Table 5:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank borrowings and other borrowings ^(Note)	1,724,755	1,816,546
Lease liabilities	62,795	53,670
Total	1,787,550	1,870,216

Note: For the information regarding guarantee and pledge for the above bank borrowings and other borrowings, please refer to Note 12 to the unaudited interim financial report.

Management's Discussion and Analysis (continued)

Table 6:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Carrying amount of interest-bearing liabilities		
Within one year	982,834	899,238
More than one year	804,716	970,978
Total	1,787,550	1,870,216

Table 7:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Fixed-rate interest-bearing liabilities	670,761	672,165
Floating-rate interest-bearing liabilities	1,116,789	1,198,051
Total	1,787,550	1,870,216

As at 30 June 2025, the Group had banking facilities equivalent to RMB20,419 million, including US\$773 million and RMB14,886 million. The unutilized banking facilities amounted to RMB17,833 million, including US\$744 million and RMB12,503 million.

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

In respect of the bank borrowings and other borrowings above, no incidents on breach of the borrowing agreements occurred during the current period, and those agreements did not include covenants relating to specific performance of the controlling shareholders of the Company.



Management's Discussion and Analysis (continued)

XV. OPERATIONAL AND FINANCIAL RISKS

The Group's major operational risks include the followings: in the first half of 2025, the domestic fertilizer industry was affected by the restructuring of the global supply chain and the policy of supply guarantee and price stabilization, and the market competition was more intense. The Group continued to solidify its core competitiveness in the integration of "Bio+" R&D, production and marketing, deepened channel digitalization and marketing digital management, enhanced the risk awareness of all employees, and solidified a solid line of defense against operational risks.

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 intensified efforts in pollution control by the government, enterprises are required to attach great importance to ecological civilization and environmental protection. The subsidiaries of the Group that are 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 have formulated emergency plans for sudden environmental pollution incidents, equipped themselves with necessary emergency disposal materials, seriously performed emergency response exercises, and promptly launched emergency plans to limit production during heavy pollution weather. In the first half of 2025, no major environmental pollution incidents occurred at the Group.

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 businesses to enhance its market influence, and meanwhile, the risk from cyberattacks to 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 work, 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.

Management's Discussion and Analysis (continued)

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

Majority of the Group's assets, liabilities 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, the exchange rate fluctuations have an impact on the import and export prices. The management of the Group has always taken prudent measures like foreign exchange forward to hedge exchange rate risk, and continues 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 biggest 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 30 June 2025. 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 influence 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 and suppliers, and transfers bad debt risks by proper utilization of various risk protection measures, to ensure that the credit business is well monitored and guaranteed. The Group examines the recovery of its major trade receivables on the settlement date every month to ensure adequate bad debt provisions are made on unrecoverable accounts receivable.



Management's Discussion and Analysis (continued)

Liquidity risk

Liquidity risk may lead to inadequate capital 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 funding plan to monitor and keep enough cash and cash equivalents. The Group monitors and maintains sufficient cash and cash equivalents, 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 Group's working capital and repayment of maturing debts.

XVI. CONTINGENT LIABILITIES

As at 30 June 2025, the Group had no contingent liabilities.

XVII. CAPITAL COMMITMENT

Table 8:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted but not provided for – Property, plant and equipment	54,249	36,127

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.

Management's Discussion and Analysis (continued)

XVIII. 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, results on performance evaluation, skills and experience. 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 the Directors are determined with reference to their responsibilities, qualifications, experience and performance. These include performance bonus determined based on the 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, if necessary, engages professional consultants, to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 30 June 2025, the Group had about 4,317 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 the first half of 2025, the Group provided around 5,375 person-times or 25,760 hours of training (excluding any training organized by the subsidiaries) to employees. The training courses covered areas such as leadership enhancement, general working skills, improvement of the quality and efficiency and AI tools applications. 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 has 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.



Interim Review Report



Review report to the board of directors of Sinofert Holdings Limited

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 38 to 66, which comprise the consolidated statement of financial position of Sinofert Holdings Limited as of 30 June 2025 and the related consolidated statement of profit or loss and other comprehensive income and the consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim financial reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

25 August 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Revenue	3	14,714,813	13,680,872
Cost of sales		(12,690,092)	(12,018,296)
Gross profit		2,024,721	1,662,576
Other income and gains		122,153	126,182
Selling and distribution expenses		(373,394)	(317,166)
Administrative expenses		(354,391)	(327,186)
Other expenses and losses		(62,856)	(26,694)
Profit from operations		1,356,233	1,117,712
Share of results of associates		2,243	44,136
Share of results of joint ventures		26,539	108,180
Finance costs	4(a)	(23,079)	(31,419)
Profit before taxation	4	1,361,936	1,238,609
Income tax	5	(254,279)	(166,017)
Profit for the period		1,107,657	1,072,592
Profit for the period attributable to:			
– Owners of the Company		1,104,114	1,050,926
– Non-controlling interests		3,543	21,666
		1,107,657	1,072,592

Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

For the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Profit for the period		1,107,657	1,072,592
Other comprehensive income			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)		88,963	(88,658)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas subsidiaries		(9,626)	12,650
Other comprehensive income for the period		79,337	(76,008)
Total comprehensive income for the period		1,186,994	996,584
Total comprehensive income attributable to:			
– Owners of the Company		1,183,451	974,918
– Non-controlling interests		3,543	21,666
		1,186,994	996,584
Earnings per share	6		
Basic and diluted (RMB)		0.1572	0.1496

The notes on pages 45 to 66 form part of this interim financial report. Details of dividends payable to owners of the Company are set out in Note 13.

Consolidated Statement of Financial Position

At 30 June 2025 – unaudited
(Expressed in RMB)

	<i>Note</i>	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	7	4,459,752	4,531,219
Right-of-use assets		687,631	698,789
Mining rights		251,538	265,276
Intangible assets		33,365	34,942
Goodwill	8	856,383	861,053
Interests in associates		361,933	359,690
Interests in joint ventures		650,181	797,889
Other equity securities		206,140	87,522
Prepayments for acquisition of property, plant and equipment		8,599	12,103
Time deposits		1,218,012	1,262,193
Deferred tax assets		49,485	86,763
Other long-term assets		30,395	28,858
		8,813,414	9,026,297
Current assets			
Inventories		4,195,232	5,225,191
Trade and bills receivables	9	602,176	292,574
Other receivables and prepayments		1,262,134	1,803,090
Other current assets		946,540	929,541
Loans to a fellow subsidiary		–	300,000
Time deposits		921,920	706,831
Restricted bank deposits		26,502	30,155
Cash and cash equivalents		3,162,169	3,103,537
		11,116,673	12,390,919

Consolidated Statement of Financial Position (continued)

At 30 June 2025 – unaudited
(Expressed in RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Current liabilities			
Trade and bills payables	10	3,219,273	3,287,471
Contract liabilities		1,648,866	4,229,800
Other payables and provision	11	1,579,531	1,119,432
Bank and other borrowings	12	955,913	872,681
Lease liabilities		26,921	26,557
Tax liabilities		212,239	77,044
		7,642,743	9,612,985
Net current assets		3,473,930	2,777,934
Total assets less current liabilities		12,287,344	11,804,231
Non-current liabilities			
Bank and other borrowings	12	768,842	943,865
Lease liabilities		35,874	27,113
Deferred income		60,235	67,208
Deferred tax liabilities		105,785	110,339
Other long-term liabilities		18,178	20,588
		988,914	1,169,113
NET ASSETS		11,298,430	10,635,118
CAPITAL AND RESERVES			
Issued equity		5,887,384	5,887,384
Reserves		5,189,651	4,529,882
Total equity attributable to owners of the Company		11,077,035	10,417,266
Non-controlling interests		221,395	217,852
TOTAL EQUITY		11,298,430	10,635,118

The notes on pages 45 to 66 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Attributable to owners of the Company									Total equity RMB'000
	Issued equity RMB'000	Capital and other reserve RMB'000	Statutory reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Special reserve RMB'000	Contributed surplus and exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2025	5,887,384	508,662	366,484	(250,011)	81,635	(257,353)	4,080,465	10,417,266	217,852	10,635,118
Profit for the period	-	-	-	-	-	-	1,104,114	1,104,114	3,543	1,107,657
Other comprehensive income for the period	-	-	-	88,963	-	(9,626)	-	79,337	-	79,337
Total comprehensive income for the period	-	-	-	88,963	-	(9,626)	1,104,114	1,183,451	3,543	1,186,994
Maintenance and production fund	-	-	-	-	(4,914)	-	4,914	-	-	-
Dividend declared (Note 13)	-	-	-	-	-	(252,771)	(270,911)	(523,682)	-	(523,682)
	-	-	-	88,963	(4,914)	(262,397)	838,117	659,769	3,543	663,312
Balance at 30 June 2025	5,887,384	508,662	366,484	(161,048)	76,721	(519,750)	4,918,582	11,077,035	221,395	11,298,430

	Attributable to owners of the Company									Total equity RMB'000
	Issued equity RMB'000	Capital and other reserve RMB'000	Statutory reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Special reserve RMB'000	Contributed surplus and exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2024	5,887,384	508,662	366,484	(192,375)	81,275	40,668	3,019,345	9,711,443	207,341	9,918,784
Profit for the period	-	-	-	-	-	-	1,050,926	1,050,926	21,666	1,072,592
Other comprehensive income for the period	-	-	-	(88,658)	-	12,650	-	(76,008)	-	(76,008)
Total comprehensive income for the period	-	-	-	(88,658)	-	12,650	1,050,926	974,918	21,666	996,584
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	8,000	8,000
Maintenance and production fund	-	-	-	-	6,889	-	(6,889)	-	-	-
Dividend declared (Note 13)	-	-	-	-	-	(314,791)	-	(314,791)	-	(314,791)
	-	-	-	(88,658)	6,889	(302,141)	1,044,037	660,127	29,666	689,793
Balance at 30 June 2024	5,887,384	508,662	366,484	(281,033)	88,164	(261,473)	4,063,382	10,371,570	237,007	10,608,577

The notes on pages 45 to 66 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Operating activities		
Cash generated from operations	154,826	1,300,736
Income tax paid	(116,015)	(88,250)
Net cash generated from operating activities	38,811	1,212,486
Investing activities		
Purchase of property, plant and equipment and others	(121,214)	(105,650)
Proceeds from disposals of property, plant and equipment and others	2,460	44,018
Addition of other long-term assets	(13,496)	(5,103)
Loans to a fellow subsidiary	–	(800,000)
Loan to an associate	–	(167,667)
Loans repaid by a fellow subsidiary	300,000	1,300,000
Interest received from a fellow subsidiary	592	7,274
Other interest income	38,039	22,123
Placement of time deposits	(850,000)	(1,650,000)
Proceeds from withdrawal of time deposits	700,000	–
Interest income from time deposits	7,175	–
Dividends received from an associate	–	80,000
Dividends received from a joint venture	82,247	–
Net cash generated from/(used in) investing activities	145,803	(1,275,005)

Condensed Consolidated Cash Flow Statement (continued)

For the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Financing activities		
Repayment of bank loans	(507,557)	(373,764)
Proceeds from new bank and other borrowings	415,766	326,880
Capital element of lease rentals paid	(6,035)	(14,222)
Interest element of lease rentals paid	(787)	(1,225)
Other Interest paid	(22,419)	(29,906)
Contribution from non-controlling interests	–	8,000
Net cash used in financing activities	(121,032)	(84,237)
Net increase/(decrease) in cash and cash equivalents	63,582	(146,756)
Cash and cash equivalents as at 1 January	3,103,537	3,907,133
Effect of foreign exchange rate changes	(4,950)	1,585
Cash and cash equivalents at 30 June	3,162,169	3,761,962

The notes on pages 45 to 66 form part of this interim financial report.



Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 Basis of preparation

This interim financial report of Sinofert Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorized for issue on 25 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The Interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 37.

The financial information relating to the financial year ended 31 December 2024 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2024 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2025.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

2 Changes in accounting policies

The Group has applied the amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

3 Revenue and segment reporting

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of compound fertilizer	5,166,550	4,691,743
– Sales of phosphate fertilizer	4,361,849	4,175,840
– Sales of potash fertilizer	2,988,443	2,507,905
– Sales of monocalcium/dicalcium phosphate (“MCP/DCP”)	841,710	672,023
– Sales of special fertilizer	312,531	443,668
– Sales of other products	1,043,730	1,189,693
	14,714,813	13,680,872
Disaggregated by geographical location of customers		
– Mainland China	14,132,405	13,114,553
– Others	582,408	566,319
	14,714,813	13,680,872

All revenue from contracts with customers is recognized at point in time.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

3 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").
- Production business: production and sales business of Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong"), Sinochem Fuling Chongqing Industry Co., Ltd. and Sinochem Jilin Changshan Chemical Co., Ltd.

For the six months ended 30 June 2025					
	Basic business RMB'000	Growth business RMB'000	Production business RMB'000	Elimination RMB'000	Total RMB'000
External revenue	7,556,950	5,857,437	1,300,426	–	14,714,813
Internal revenue	2,549,867	1,895,120	1,901,726	(6,346,713)	–
Reportable segment revenue	10,106,817	7,752,557	3,202,152	(6,346,713)	14,714,813
Share of results of associates	–	–	4,603	–	4,603
Segment profit	718,656	419,715	301,125	–	1,439,496
Unallocated share of results of associates					(2,360)
Unallocated share of results of joint ventures					26,539
Unallocated expenses					(163,791)
Unallocated income					62,052
Profit before taxation					1,361,936

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

	For the six months ended 30 June 2024				
	Basic business RMB'000	Growth business RMB'000	Production RMB'000	Elimination RMB'000	Total RMB'000
External revenue	6,877,763	5,555,240	1,247,869	–	13,680,872
Internal revenue	905,584	1,871,849	1,705,562	(4,482,995)	–
Reportable segment revenue	7,783,347	7,427,089	2,953,431	(4,482,995)	13,680,872
Share of results of associates	–	–	39,568	–	39,568
Segment profit	468,707	398,244	356,993	–	1,223,944
Unallocated share of results of associates					4,568
Unallocated share of results of joint ventures					108,180
Unallocated expenses					(185,775)
Unallocated income					87,692
Profit before taxation					1,238,609

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned 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.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	22,292	30,194
Interest on lease liabilities	787	1,225
	23,079	31,419

(b) Other items

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Depreciation charge		
– owned property, plant and equipment	194,126	169,263
– right-of-use assets	17,618	15,414
Amortization of mining rights	13,738	13,856
Amortization of other long-term assets	11,959	13,134
Release of deferred income	(7,463)	(5,023)
Loss/(gain) on disposals of property, plant and equipment and others	842	(40,299)
(Reversal of write-down)/write-down of inventories	(3,222)	925

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

5 Income tax

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax – PRC Enterprise Income Tax	251,210	171,261
Deferred taxation	3,069	(5,244)
	254,279	166,017

- (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 is calculated by applying at 16.5% (2024: 16.5%) of the estimated assessable profits for the six months ended 30 June 2025.
- (iii) The provision for the PRC Enterprise Income Tax is based on the statutory rate of 25% (2024: 25%) on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC, 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 is calculated by applying at 12% (2024: 12%) of the estimated assessable profits for the six months ended 30 June 2025.
- (v) The Group is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules (“Pillar Two model rules”) published by the Organization for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland.

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. No Pillar Two income tax was recognized during the six months ended 30 June 2025. The Group is in the process of making a continuous assessment of what the impact of Pillar Two model is expected to be on the income taxes.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

6 Earnings per share

The calculation of basic earnings per share is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Profit attributable to owners of the Company		
Profit for the purpose of basic earnings per share	1,104,114	1,050,926
	'000 shares	'000 shares
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	7,024,456	7,024,456

The Group has no dilutive ordinary shares outstanding for the periods ended 30 June 2025 and 2024. Therefore, there was no difference between basic and diluted earnings per share.

7 Property, plant and equipment

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, the Group acquired items of property, plant and equipment with a cost of RMB148,519,000 (the corresponding period in 2024: RMB243,692,000). Items of property, plant and equipment with a net book value of RMB3,302,000 were disposed of (the corresponding period in 2024: RMB3,719,000), resulting in a loss on disposal of RMB842,000 (loss in the corresponding period in 2024: RMB1,222,000).

(b) Impairment losses

No impairment loss was recognized during the six months period ended 30 June 2025 (the corresponding period in 2024: Nil).

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

8 Goodwill

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Carrying Amount		
At 1 January	861,053	854,137
Exchange adjustments	(4,670)	6,916
At 30 June/31 December	856,383	861,053

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Basic business	196,877	199,703
Growth business	92,648	93,977
Production		
– Sinochem Yunlong	531,074	531,074
– Others	35,784	36,299
	856,383	861,053

No impairment of goodwill was recognized for the period ended 30 June 2025 and 2024.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

9 Trade and bills receivables

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables	236,814	73,870
Less: loss allowance	(2,889)	(2,889)
	233,925	70,981
Bills receivable	374,551	227,893
Less: allowance for doubtful debts	(6,300)	(6,300)
	368,251	221,593
Total trade and bills receivables, net of loss allowance	602,176	292,574

The Group allows a credit period of approximate 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:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	420,611	203,910
Over 3 months but within 6 months	178,697	86,944
Over 6 months but within 12 months	2,868	1,720
	602,176	292,574

Before accepting any new customer, the Group assesses the potential customer's credit quality and set a credit limit for each customer. Credit limits are reviewed regularly.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

10 Trade and bills payables

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade payables	2,813,537	2,635,838
Bills payable	405,736	651,633
Trade and bills payables	3,219,273	3,287,471

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:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	2,570,833	2,511,492
Over 3 months but within 6 months	602,576	671,879
Over 6 months but within 12 months	9,815	63,693
Over 12 months	36,049	40,407
	3,219,273	3,287,471

11 Other payables and provision

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Payroll payables	289,743	180,239
Dividends payable	549,443	25,763
Payables for purchase of property, plant and equipment and land use rights	174,708	167,025
Other taxes payables	331,943	498,029
Others	220,606	210,410
Financial liabilities measured at amortized cost	1,566,443	1,081,466
Fair value of forward foreign exchange contracts	13,088	37,966
	1,579,531	1,119,432

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

12 Bank and other borrowings

The analysis of the carrying amount of bank and other borrowings is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bank loans, unsecured	380,765	450,607
Bank loans, secured (<i>note (i)</i>)	1,299,600	1,321,549
Borrowings from Sinochem Holdings Corporation Ltd. ("Sinochem Holdings") (<i>note (ii)</i>)	44,390	44,390
	1,724,755	1,816,546

Notes:

- (i) As at 30 June 2025, bank loans of RMB1,299,600,000 are secured by the Group's right-of-use assets of RMB180,073,000 and the Group's property, plant and equipment of RMB14,624,000, respectively (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).
- (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 interest-bearing, measured at amortized cost, repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 1 year	955,913	872,681
After 1 year but within 2 years	269,580	309,813
After 2 years but within 5 years	499,262	634,052
	768,842	943,865
Less: amounts due within 1 year shown under current liabilities	1,724,755 (955,913)	1,816,546 (872,681)
Amounts shown under non-current liabilities	768,842	943,865

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

12 Bank and other borrowings (continued)

The ranges of effective interest rates on the Group's borrowings are as follows:

	Effective annual interest rate	At 30 June 2025 RMB'000	Effective annual interest rate	At 31 December 2024 RMB'000
Variable-rate borrowings	2.29% – 2.60%	1,116,789	2.29% – 2.60%	1,198,051
Fixed-rate borrowing	1.35% – 2.80%	607,966	1.35% – 2.85%	618,495
		1,724,755		1,816,546

13 Dividends

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

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2025 (the corresponding period in 2024: Nil).

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

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year of HK\$0.0571, equivalent to approximately RMB0.0521 per share (the corresponding period in 2024: HK\$0.0491, equivalent to approximately RMB0.0448 per share).	366,000	314,791
Special dividend in respect of the previous financial year of HK\$0.0246, equivalent to approximately RMB0.0224 per share (the corresponding period in 2024: Nil).	157,682	–
	523,682	314,791

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

14 Fair value measurement of financial instruments

(a) 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, categorized 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 input, 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 30 June 2025 RMB'000	Fair value measurements as at 30 June 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Unlisted equity securities	206,140	–	–	206,140
Bills receivable	71,795	–	–	71,795
Other payables – forward foreign exchange contracts	(13,088)	–	(13,088)	–
Total	264,847	–	(13,088)	277,935

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

14 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Unlisted equity securities	87,522	–	–	87,522
Bills receivable	45,524	–	–	45,524
Other payables – forward foreign exchange contracts	(37,966)	–	(37,966)	–
Total	95,080	–	(37,966)	133,046

During the six months ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they 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 period end.

Information about Level 3 fair value measurement

- 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, with reference to the latest financing price of the investee.
- The fair value of bills receivable is measured using discounted cash flow method.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

14 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurement (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Unlisted equity securities:		
At 1 January	87,522	164,353
Changes in fair value during the period	118,618	(118,211)
At 30 June	206,140	46,142
Bills receivable		
At 1 January	45,524	69,122
Net increase/(decrease)	26,271	(25,154)
At 30 June	71,795	43,968

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at 31 December 2024 and 30 June 2025.

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

15 Capital commitment

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted but not provided for – Property, plant and equipment	54,249	36,127

16 Related party transactions

The related parties that had material transactions with the Group during the periods ended 30 June 2025 and 2024 were as follows:

Ultimate holding company

Sinochem Holdings
(中國中化控股有限責任公司)

Indirect holding company

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)

Sinochem Finance
(中化集團財務有限責任公司)

Sinochem Agriculture Co., Ltd.
(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)



Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 Related party transactions (continued)

Fellow subsidiaries (continued)

Adama (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(中國)投資有限公司)

Sinochem Hong Kong (Group) Co., Ltd.
(中化香港(集團)有限公司)

Adama Co., Ltd.
(安道麥股份有限公司)

Adama Huifeng (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)

Beijing Grand AgroChem Co., Ltd.
(北京廣源益農化學有限責任公司)

Sinochem Group Co., Ltd. ("Sinochem Group")
(中國中化集團有限公司)

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 Related party transactions (continued)

Fellow subsidiaries (continued)

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)

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)

China Bluestar Chonfar Engineering and 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)

Luxi Industrial Equipment Co., Ltd.
(中化魯西工程有限公司)



Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 Related party transactions (continued)

Associates

Yangmei Pingyuan Chemical Co., Ltd.
(陽煤平原化工有限公司)

Beijing Aerospace Hengfeng Technology Co., Ltd.
(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

Yunnan Three Circles-Sinochem Fertilizers Co., Ltd.
(雲南三環中化化肥有限公司)

Gansu Wengfu Chemical Co., Ltd.
(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

Beidahuang Agricultural 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

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 Related party transactions (continued)

(a) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in the interim financial report, the Group entered into the following material transactions with related parties during the period:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Sales of fertilizers to		
Fellow subsidiaries	545,933	711,649
Joint ventures	160,804	30,255
An associate	6,872	41,390
Associates of indirect holding companies	60,654	43,326
	774,263	826,620
Purchases of fertilizers from		
Fellow subsidiaries	268,360	184,832
Associates of indirect holding companies	675	2,468
Joint ventures	1,102,364	1,038,437
Associates	53,134	87,829
A subsidiary of a shareholder with significant influence over the Company	142,795	162,039
Other related party	344,065	412,107
	1,911,393	1,887,712
Service fee paid to fellow subsidiaries	10,082	10,892
Office rental fee paid to fellow subsidiaries	1,636	6,493
Commission received from a fellow subsidiary	1,428	360

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 Related party transactions (continued)

(a) Transactions with related parties (continued)

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Loan from a fellow subsidiary	9,435	–
Repayments of loans from a fellow subsidiary	24,950	11,462
Interest expenses to related parties		
Ultimate holding company	303	305
A fellow subsidiary	7,108	4,147
	7,411	4,452
Placements of time deposits with a fellow subsidiary	850,000	–
Withdrawals of time deposits with a fellow subsidiary	700,000	–
Loans to a fellow subsidiary	–	800,000
Loan to an associate	–	167,667
Repayments of loans to a fellow subsidiary	300,000	1,300,000
Interest income from a fellow subsidiary	592	7,274
Interest income of deposits with a fellow subsidiary	35,306	20,023

Notes to the Unaudited Interim Financial Report (continued)

(Expressed in RMB unless otherwise indicated)

16 Related party transactions (continued)

(a) Transactions with related parties (continued)

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 RMB2,229,981,000 and RMB2,186,598,000, respectively, for the six months period ended 30 June 2025 (the corresponding period in 2024: RMB2,338,528,000 and RMB2,307,692,000, respectively). Sinochem Group is acting as an agent of the Group. No agency fee was charged by Sinochem Group.

(b) Balances with related parties

As at the end of the reporting period, the Group had the following material balances with its related parties:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Trade receivables	52,033	23,045
Other receivables and prepayments	164,408	448,244
Trade and bills payables	125,965	383,923
Other payables	3,520	14,543
Contract liabilities	9,885	59,417
Loans to a fellow subsidiary	-	300,000
Loans from the ultimate holding company	44,390	44,390
Loans from a fellow subsidiary	227,918	243,433
Cash and cash equivalents	929,559	900,157
Time deposit in a fellow subsidiary	2,139,932	1,969,024

(c) Compensation of key management personnel

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
Salaries and other benefits	2,639	1,936
Retirement benefit scheme contributions	169	111
Fees	787	779
	3,595	2,826



Additional Information

INTERIM DIVIDEND

The Board of Directors of the Company did not recommend the declaration of interim dividend for the six months ended 30 June 2025.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

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 as set out in Appendix C3 to the Listing Rules, were disclosed below.

As at 30 June 2025, the following Directors of the Company had long positions 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
Wang Tielin	Beneficial owner	500,000	0.007%
Lu Xin	Beneficial owner	2,900,000	0.041%

Save as disclosed above, as at 30 June 2025, 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 period and as at 30 June 2025, 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 the 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.

Additional Information (continued)

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, 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 Shares 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") <i>(Note 1)</i>	3,698,660,874	52.65%
China National Chemical Corporation Limited ("ChemChina") <i>(Note 1)</i>	3,698,660,874	52.65%
Syngenta Group Co., Ltd. ("Syngenta Group") <i>(Note 1)</i>	3,698,660,874	52.65%
Syngenta Group (HK) Holdings Company Limited ("Syngenta HK") <i>(Note 2)</i>	3,698,660,874	52.65%

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 is beneficially interested in 3,698,660,874 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 Shares of the Company as at 30 June 2025, which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 period. During the six months ended 30 June 2025 and up to the date of this report, the Company did not hold any treasury shares (including any treasury shares held or deposited in the Central Clearing and Settlement System).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transaction by Directors. The Company has made specific enquiries with all Directors of the Company, and all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2025.

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

CORPORATE GOVERNANCE STANDARDS

Recognizing the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, the Company and the 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 has complied with the applicable corporate governance standards contained in relevant code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the six months ended 30 June 2025 and up to the date of this report, 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 period and up to the date of this report, the Board approved certain connected transactions and continuing connected transactions by circulation of written resolutions in lieu of physical board meeting, for which the substantial shareholders of the Company were regarded as having material interests therein. As the Directors of the Company have different business travelling plans, the adoption of written resolutions in lieu of physical board meeting allowed the Board to make a decision relatively quicker in response to the requirements of the Group. Before formal execution of the written resolutions, the Directors (including the independent non-executive Directors) had discussed the matters via emails and made amendments to the terms of the transactions as appropriate. In particular, for those connected transactions involving contracting and construction services, the Group completed public tender process to identify the successful bidder by reference to the scope and estimated work of the services to be provided, which ensure that the transactions were entered into on normal commercial terms, were fair and reasonable and in the interests of the Company and its shareholders as a whole.

Additional Information (continued)

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 10 June 2025 (the “2025 AGM”), Mr. Su Fu, Chairman of the Board, did not attend and chair the meeting due to the conflict in schedule with his other pressing essential business engagement. In accordance with the Bye-laws of the Company, Mr. Ko Ming Tung, Edward, an independent non-executive Director of the Company, was elected by the Directors attending the meeting to chair the 2025 AGM. Respective chairmen and/or members of the audit, remuneration, nomination, corporate governance and strategy committees of the Company were present at the 2025 AGM and were available to answer relevant questions, which was in compliance with other requirements under code provision F.2.2.

Save as disclosed above, please refer to the “Corporate Governance Report” contained in the Company’s 2024 annual report for more information about the corporate governance of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed, with the management and the external auditors, the condensed consolidated financial statements of the Company for the six months ended 30 June 2025 and this report, including the review of the accounting principles and practices adopted by the Group. The Audit Committee has also discussed with the management about auditing, risk management, internal controls, and financial reporting matters of the Group.

DISCLOSURE OF INFORMATION OF DIRECTORS

Pursuant to the disclosure requirements under rule 13.51B(1) of the Listing Rules, the changes/updates of information of Director(s) during the six months ended 30 June 2025 and up to the date of this report are as follows:

1. Mr. Sun Po Yuen, an independent non-executive Director of the Company, retired from his directorships in FWD Group Limited and FWD Management Holdings Limited in February 2025.
2. Ms. Wang Ling, an executive Director of the Company, was appointed as a member of the Nomination Committee of the Company on 24 June 2025.
3. On 25 August 2025, Ms. Zhang Guangyan was appointed as the non-executive Director and a member of the Audit Committee of the Company. The biographical details of Ms. Zhang is set out in the announcement of the Company published on 25 August 2025.

BOARD OF DIRECTORS

As at the date of this report, the non-executive Directors of the Company are Mr. Su Fu (Chairman) and Ms. Zhang Guangyan; the executive Directors of the Company are Mr. Wang Tielin (Chief Executive Officer), Ms. Chen Shengnan and Ms. Wang Ling; and the independent non-executive Directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Sun Po Yuen.

Hong Kong, 25 August 2025