

中化化肥控股有限公司
SINO FERT HOLDINGS LIMITED

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

NURTURING
CHINA'S
AGRICULTURE
SECTOR



2025
ANNUAL REPORT



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DEFINITIONS

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

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

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

COMPANY PROFILE AND CORPORATE INFORMATION

CORPORATE POSITIONING AND VISION

Sinofert Holdings Limited (stock code: 297) is the core strategic operating entity for crop nutrition business under Sinochem Holdings. As the first enterprise listed in Hong Kong in the domestic fertilizer industry, the Company and its subsidiaries are not only a core undertaker of potash commercial reserves but also a leading distributor of agricultural inputs in China. Its business covers the entire industry chain of resources, R&D, production, distribution, retail, and agronomic services.

Adhering to the development philosophy of “empowering cultivation with technology for a sustainable and prosperous agriculture”, and with the vision of “becoming a leader in crop nutrition, joining hands with hundreds of millions of farmers to create fertile land”, the Group fulfills its responsibility as a central state-owned enterprise in ensuring supply and stabilizing prices, and strives to fortify the food security defense line.

CORE STRATEGY AND BUSINESS

The Group adheres to technological innovation as the core driving force, focusing on the three major directions of nutrient efficiency, biofertilizers, and soil health. It is building a biotechnology-based R&D system, an IPD integrated R&D-production-marketing product transformation system, and an online-and-offline integrated product marketing system. It extensively links domestic and international high-quality biotechnology research and industrial transformation institutions to construct a full-chain “R&D – production – distribution – service” model for biofertilizers.

The Group actively promotes the “Bio+” strategy, establishing a diversified synergy landscape with the “Bio+” business at its core, stable growth of the basic and production businesses as key supports, and innovative business for value expansion. Through technological innovation, it enhances nutrient use efficiency, improves soil health, elevates agricultural product quality, assists farmers in increasing production and income, and empowers the green and low-carbon transformation of the agricultural industry.

CORE STRENGTHS AND CAPABILITIES

The Group possesses a leading domestic integrated scientific research platform for fertilizer R&D and application technologies. It has built a “Bio+” R&D system based on biotechnology, covering the three major directions of nutrient efficiency, biological formulations, and soil health. The Group has assembled a high-level R&D team of over 70 members led by chief scientists, supported by comprehensive research infrastructure. It has established in-depth collaborations with research institutions such as the Chinese Academy of Agricultural Sciences (CAAS), China Agricultural University, and Tsinghua University, achieving breakthroughs in six key underlying technologies, with an annual R&D achievement transformation volume exceeding 1.20 million tons.

The Group is a major fertilizer producer and importer in China, possessing solid production supply and resource assurance capabilities: it has 11 production enterprises with shareholding or controlling interests, phosphate rock resource reserves of approximately 200 million tons, and a comprehensive product portfolio covering nitrogen fertilizer, phosphate fertilizer, potash fertilizer, compound fertilizer, special fertilizer, and feed-grade calcium phosphate (MCP/DCP). Leveraging over 60 years of fertilizer trading experience and a stable global strategic cooperation network, it holds exclusive rights for multiple internationally renowned potash, compound fertilizer, and special fertilizer enterprises in the China market, playing a backbone supporting role in securing supply of domestically scarce fertilizer resources and variety adjustments.

The Group has established a distribution service network and a warehousing and logistics network covering 96% of China’s agricultural counties and cities. Its current sales layout comprises 12 marketing regions, equipped with over 1,200 frontline agronomic technical service personnel. It has over 50,000 agricultural cooperative distribution outlets, 150 distribution and delivery warehouses, and a safeguard and flexible storage capacity exceeding 2.70 million tons. Leveraging digital intelligent service platforms such as “Nong Xiaohui (農小惠)”, “Nong Daquan (農達圈)”, and a 400 telephone service hotline, the Group has built a robust professional service system for farmers, providing high-quality, professional, and efficient crop full-lifecycle technical solutions and services to the vast farming community.

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. ZHANG Xuegong (*Chairman*)
Mr. WANG Tielin (*Chief Executive Officer*)
Ms. CHEN Shengnan
Ms. WANG Ling

Non-Executive Director

Ms. ZHANG Guangyan

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

Strategy Committee

Mr. ZHANG Xuegong (*Chairman*)
Mr. WANG Tielin
Ms. CHEN Shengnan
Ms. WANG Ling
Mr. LU Xin

Chief Financial Officer

Ms. WANG Ling

Company Secretary

Ms. LAI Ying Tung

Authorized Representatives

Mr. WANG Tielin
Ms. WANG Ling

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
Guangfa Bank Co., Ltd.

COMPANY PROFILE AND CORPORATE INFORMATION

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
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Hong Kong

Company Website

www.sinofert.com

Share Listing

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

Investor Relations

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Fengtai District
Beijing 100069, PRC

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

(RMB'000 except for basic earnings per share)

	2025	2024
Revenue	23,263,105	21,264,854
Gross profit	2,893,318	2,543,838
Profit before taxation	1,548,747	1,224,010
Profit attributable to owners of the Company	1,259,377	1,061,480
Basic earnings per share (RMB)	0.1793	0.1511
Return on equity ^(Note 1)	11.64%	10.55%
Debt-to-equity ratio ^(Note 2)	13.16%	17.59%

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

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



CHAIRMAN'S STATEMENT



CHAIRMAN'S STATEMENT



Growing with China's Modern Agriculture

To shareholders,

On behalf of the Board of Directors of the Company, I hereby present to the shareholders the annual results report of the Group for the year ended 31 December 2025.

In 2025, global geopolitical competition became increasingly complex, coupled with escalated trade friction, with the world economic recovery lacking sufficient momentum and progressing slowly. The Chinese government has strengthened counter-cyclical regulation of macroeconomic policies, with its Gross Domestic Product (GDP) growing by 5.0% year on year. Amid profound global supply chain restructuring, critical agricultural inputs, including phosphate and potash fertilizers as well as sulfur, have experienced significant price volatility. Meanwhile, Central Document No. 1 (中央一號文件) established scientific and technological innovation as the primary engine for agricultural modernization, prioritizing the “continuous strengthening of supply security for grain and other essential agricultural products”. The Document introduced a national initiative to increase grain production capacity by 100 billion jin, scaled up programs to enhance per-unit yields, and implemented comprehensive measures to fortify the foundations of national food security. In the face of a complex and changing internal and external environment, the Group proactively analyzed market conditions to seize opportunities and mitigate risks,

remained committed to its development philosophy of “empowering cultivation with technology for a sustainable and prosperous agriculture”, closely following the main theme of its “Bio+” strategic transformation, thereby achieving steady progress in operating results and continuous improvement in development quality.

FULFILLING THE RESPONSIBILITIES AND MISSION AS A CENTRAL SOE, SERVING THE NATION'S OVERARCHING INTERESTS

The Group actively fulfilled its responsibilities and mission as a Central SOE, ensuring the supply of agricultural inputs. Firstly, as a major force in domestic potash imports, the Group actively participated in negotiations for major seaborne potash import contracts, signing memoranda of understanding with key suppliers to secure stable supply sources and reasonable prices. It made every effort to guarantee potash supply during critical farming seasons such as spring planting and autumn sowing, consistently playing a vital role in ensuring the supply of

agricultural inputs. Secondly, leveraging its global resource acquisition and integrated production-supply-marketing layout, the Group coordinated fertilizer resources including potash, phosphate and compound fertilizers, unblocked key links in the supply chain, optimized channel layout, ensured products reached end markets directly, effectively maintained price stability in the domestic fertilizer market, thereby boosting crop yields and farmers' income.

BENEFITING FROM EFFICIENT STRATEGY EXECUTION, MAINTAINING STABLE DEVELOPMENT

The Group firmly advanced its "Bio+" strategy. Firstly, focusing on R&D capacity building, through breakthroughs in core biotechnology, product development and upgrades, the Group continuously enriched its diversified product portfolio covering high-value cash crops and field crops. The influence of its biological fertilizers, such as "Meilinmei (美麟美)", "Lanlin (藍麟)", "Weidefeng (威得豐)", "Youliangmei (優靚美)", "Songtian (頌甜)" and "Huanfeng (煥豐)", steadily increased, with biological fertilizer sales reaching 1.54 million tons in 2025, representing a year-on-year increase of 14%. Secondly, innovating marketing service models, the Group implemented the integrated concept of "Product + Service + Technology", effectively serving end-growers and steadily progressing on the path towards high-quality agricultural development. It received multiple honors, including being named "Top 50 Most Influential Bio-fertilizer Enterprises in China 2025 (2025中國生物肥料企業影響力 Top50榜首)" and "Farmers' Favorite Brand (農民心目中的好品牌)", achieving a simultaneous leap in brand influence and reputation. As of 31 December 2025, the Group's total assets maintained steady growth, achieving revenue of RMB23,263 million, representing a year-on-year increase of 9.4%; profit attributable to owners of the Company amounted to RMB1,259 million, representing a year-on-year increase of 18.66%, with continuous improvement in profitability and key indicators remaining healthy and stable.

COMMITTED TO INDUSTRIAL GREEN TRANSFORMATION, CONSOLIDATING THE DEVELOPMENT FOUNDATION

The Group planned ahead and acted proactively, making green, low-carbon transition and operational excellence as the core management requirements for survival and development. In 2025, the Group achieved an AA rating in ESG. Firstly, remarkable achievements were made in energy conservation, consumption reduction and green initiatives. Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong") was successfully rated as a "Waste-free Factory" in Kunming; the Mozushao Phosphate Mine in Xundian County was selected as a national-level green mine; Sinochem Linyi Crop Nutrition Co., Ltd. was awarded the title of "Green Factory" in Linyi City. Sinochem Jilin Changshan Chemical Co., Ltd. ("Sinochem Changshan"), Sinochem Shandong Fertilizer Co., Ltd. ("Shandong Fertilizer"), and Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd. continuously increased the proportion of photovoltaic power application, with cumulative annual purchases of green electricity and photovoltaic power reaching 28.00 million kWh, further increasing the share of green power usage. Secondly, the Group promoted the resource utilization of solid waste and green transformation. Sinochem Chongqing Fuling Industry Co., Ltd. ("Sinochem Fuling") consumed 1.112 million tons of phosphogypsum throughout the year, achieving a comprehensive utilization rate of 67.85% and meeting its consumption target; Sinochem Yunlong disposed of a total of 1.34 million tons of phosphogypsum during the year, achieving full production and sales of phosphogypsum, effectively clearing stock, and completing the construction and operational launch of a solid waste environmental management system. Thirdly, the Group continuously upgraded the level of mechanization and automation across production facilities, with widespread deployment of automated systems for palletizing, material conveying, depalletizing, and truck loading.

COMMITTED TO PRAGMATIC ACTION AND RESPONSIBILITY IN RURAL REVITALIZATION, TOGETHER WRITING A GLORIOUS CHAPTER FOR A STRONGER AGRICULTURAL SECTOR

2026 marks the beginning of the “15th Five-Year Plan” period. Favorable factors supporting the steady recovery of the national economy are gathering momentum, and agriculture will continue to serve as a cornerstone. The 2026 Central Document No. 1 establishes agricultural and rural modernization as its anchor and outlines strategic and directional requirements for the current period and the “15th Five-Year Plan” period.

In the short term, the fertilizer industry is at a critical stage of transformation and structural restructuring, with technological innovation and green development becoming the two core themes for high-quality enterprise development. The Group will unwaveringly adhere to its “Bio+” strategy, focus on strengthening R&D capacity building and the stable development of upstream and downstream industrial chains, and drive the Group towards higher-quality transformation. In the long term, as China deepens its national food security strategy and advances agricultural modernization, the Group will adhere to the guidance of the Central Document No. 1 and focus on its long-term vision of becoming a leader in crop nutrition health with “Ethos of Sinochem Holdings for the New Era” (精氣神). Leveraging continuously enhanced “Bio+” technological capabilities and industrial layout, the Group will strengthen its domestic market position and solidify its foundation for sustainable growth. Concurrently, building on its global cooperation footprint, the Group will steadily expand into international markets, optimize global procurement and sales networks, and further deepen strategic partnerships with international collaborators to enhance the Group’s global influence.

Uniting hearts and minds to cultivate a land of plenty, we urge our steeds forward to gallop with renewed energy (凝心聚力繪豐沃·策馬揚鞭再奮蹄). The Group is in a critical period of transformational development. All employees will maintain their entrepreneurial passion, consistently focusing on enhancing shareholder value as a core objective. The Group will continuously improve its competitiveness and operational quality, making greater contributions on the new journey of ensuring food security, promoting increased production and income for farmers, and advancing comprehensive rural revitalization. The Group will comprehensively assist in steering China’s agriculture towards high-quality and sustainable development, creating long-term, stable and sustainable investment returns for all shareholders.

On behalf of the Board of Directors, I would like to express my most sincere gratitude to all shareholders, and to governments at all levels, partners, and friends from all walks of life who have consistently cared about and supported the Company’s growth!

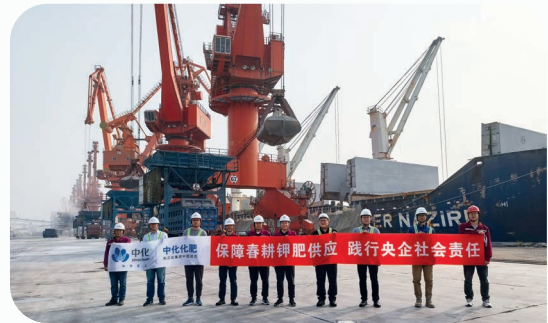
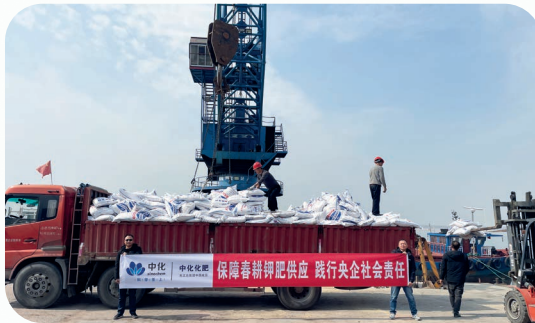
ZHANG Xuegong

Chairman of the Board

Hong Kong, 26 March 2026

JANUARY

- Sinochem Fertilizer actively carried out supply assurance initiatives by leveraging its nationwide distribution network to transport high-quality potash fertilizers to major spring farming areas, ensuring sufficient supply and price stability during the spring farming period.



FEBRUARY

- Shandong Fertilizer achieved a cumulative output of 79,300 tonnes from January to February 2025, by continuously improving its operation system, strengthening the management of “Bio+” products and increasing production, representing a year-on-year increase of 8%, effectively ensuring the supply of “Bio+” products for spring farming and meeting market demand.

MARCH

- The Group’s 「HOPE」 Soil Health platform focuses on building a new quality productivity model for efficient utilisation of moderately saline-alkali land. To deeply implement the strategy of sustainable farmland use (藏糧於地) and actively respond to the nation’s new round of action to increase grain production by 100 billion jin, the Group launched an event themed at 「100 billion jin Production Increase Action – HOPE Dafang Integrated Income-Boosting Solution for Medium-Low Yield Farmland (千億斤增產行動－厚圍大方中低產田全程增收方案發佈會)」, which received positive responses from the attendees.



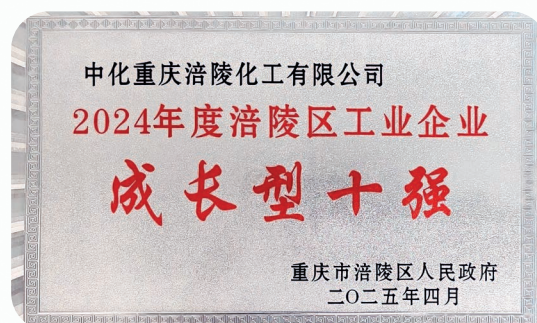
Year 2025

APRIL

- Sinochem Changshan launched its clear liquid-type macronutrient water-soluble fertilizer product into the market. The commissioning of this product filled the gap of Sinochem Changshan in the supply of high-end functional fertilizers, better meeting the needs of growers in Northeast China for quality improvement and yield enhancement.

MAY

- Sinochem Fuling was rated as one of the Top 10 Industrial Growth Enterprises in Fuling District, laying a solid foundation for serving as a benchmark in the high-quality development of the manufacturing industry and becoming a main force in Chongqing's construction as a nationally important advanced manufacturing centre.



JUNE

- The seaweed polymer phosphorus and potassium biostimulant product 「Songtian(颂甜)」 was launched. This product achieves the dual effects of nutritional supplementation and physiological regulation by stimulating weight gain, promoting grain filling, promoting colour transformation and sweetness, and promoting flowering and fruit setting, through the efficient fusion of phosphorus and potassium with seaweed active substances. It is a key single product commonly used in both economic crops and grain crops.



JULY

- To celebrate the 20th anniversary of the Company's listing, the Company held an investor communication meeting themed "Two Decades of Perseverance, Bio+ Strategy Opening a New Chapter (二十載砥礪前行·『生物+』戰略譜新篇)". Institutional investors and securities analysts engaged in in-depth exchanges with the management on the Company's strategic progress and future development, and visited demonstration fields to experience firsthand the practical achievements of Bio+ technology empowerment.



AUGUST

- Sinochem Fuling's "Fine Phosphate 5G Factory" project was successfully selected for the "2025 5G Factory Catalogue (《2025年5G工廠名錄》)" published by the Ministry of Industry and Information Technology, marking a breakthrough progress for Sinochem Fuling in intelligent manufacturing and digital transformation, and steadily advancing toward a new stage of intelligent and green development supported by 5G technology.



Year 2025

SEPTEMBER

- The Company signed a memorandum of cooperation with Arab Potash Company (APC) for the years 2026 to 2028, and will continue to be the exclusive distributor of APC's potash fertilizer sales in China.
- Mr. Wang Tielin, Chief Executive Officer of the Company, led a team to participate in the IFA-China Consultative Group (IFA-CCG) 2025 Annual Meeting, and introduced the Company's practices and achievements in phosphogypsum treatment and utilization under the theme of "Promoting Comprehensive Utilization of Phosphogypsum, Building a Sustainable Agricultural Future (《推動磷石膏綜合利用· 共建可持續農業未來》)".
- The Company and AgriGoods Herald (《農資導報》) jointly initiated the 2025 CBP Bio-agriculture Promotion Conference. During the conference, the Company released the brand positioning of 「Committed to becoming a leader in crop nutrition and health」, put forward the brand proposition of 「Healthy Crops, Fertile Land (健康作物· 豐沃大地)」 and the brand vision of 「Joining Hands with Hundreds of Millions of Farmers to Create Fertile Land (攜手億萬農人· 締造豐沃大地)」.



OCTOBER

- Sinochem Yunlong passed the national green factory review and was awarded the titles of Yunnan Province Innovative SME and High-Quality Development Advanced Collective in Xundian County.



NOVEMBER

- “Meilinmei®” was recognized as a product brand creation achievement in the central enterprise brand leadership action, and was awarded the first batch of “Sinochem Holdings TOP50 Brands”.



- During the 8th China International Import Expo, the Company signed a memorandum with Canpotex for the years 2026 to 2028, and will continue to exclusively import potash fertilizer from Canpotex for sale in the Chinese market. The Company also signed a land transport potash fertilizer cooperation memorandum with Food Safety Supply Chain Limited (Dubai), comprehensively deepening strategic cooperation to ensure domestic potash fertilizer supply.
- The Chinese potash fertilizer import negotiation team reached an agreement with major international potash fertilizer suppliers on the 2026 potash fertilizer import contract price at USD348/ton (CFR), continuing to maintain the global potash fertilizer “price lowland”.
- Company’s 2025 KA (Key Account) Client Alliance Conference was held in Kunming, Yunnan. Themed at “Innovation Hand in Hand – Cultivating the Future”, the conference aimed to deepen strategic collaboration with core clients and jointly explore new pathways for agricultural development.



DECEMBER

- On 23 December 2025, Syngenta Group (HK) Holdings Company Limited (“Syngenta HK”) transferred 3,698,660,874 Shares (representing approximately 52.65% of the Company’s total issued share capital as at the date of this report) to Sinochem HK (the “Transfer”). As Syngenta HK and Sinochem HK are both indirect wholly-owned subsidiaries of Sinochem Holdings, Sinochem Holdings remains the ultimate controlling shareholder of the Company after the completion of the Transfer.





MANAGEMENT REVIEW AND PROSPECT

MANAGEMENT REVIEW AND PROSPECT

Business Environment

In 2025, geopolitical conflicts continued to ferment. Due to the impact of trade protectionism, global production and supply chains accelerated restructuring, and the world economic recovery process was difficult and tortuous with insufficient growth momentum. Amid complex external conditions and the challenge of insufficient domestic demand, the Chinese government achieved its expected GDP growth target of 5% year-on-year through optimized macro policies and precise efforts.

The Chinese government continued to prioritize food security, further strengthening policy guidance and macroeconomic regulation over the agricultural sector to comprehensively reinforce the foundation of national food security. To ensure sufficient and stable fertilizer supply for spring plowing and throughout the year at reasonable prices, the government constructed a multi-faceted regulatory system focusing on nitrogen, phosphate, potash and upstream raw materials. This system utilized export management, price guidance, and precise allocation of state reserve resources to safeguard agricultural production.

Regarding market conditions, influenced by global trade disruptions and a combination of production, supply and demand factors, price trends for domestic fertilizer varieties diverged. Phosphate and potash fertilizers remained stable with slight increases, while nitrogen fertilizer prices declined and fluctuated at low levels throughout the year. Domestic compound fertilizer prices experienced two downturns and two upturns during the year, impacted by continued capacity growth and fluctuating raw material costs. In 2025, domestic agricultural cultivation showed structural divergence: the overall prices of the three major staple grains were stable to slightly weak, with clear divergence among varieties; prices of fruits, vegetables, certain oil crops and cash crops remained persistently low; frequent extreme weather events, such as spring drought in the north and autumn floods in the Huang-Huai region, coupled with declining returns for some crops, dampened investment enthusiasm in certain regions and among cash crop growers.

Business Review

2025 marked the 20th anniversary of the Group's listing in Hong Kong. The Group, consistently guided by its core "Bio+" strategy, diligently advanced its integrated research-production-marketing operating system. All business segments deeply implemented key initiatives such as market development, channel transformation, operational excellence and brand building, strengthened compliance awareness, and maintained safety bottom lines, achieving improvements in both operating performance and efficiency.

For the year ended 31 December 2025, the Group's revenue amounted to RMB23,263 million, representing a year-on-year increase of 9.4%. Profit attributable to owners of the Company amounted to RMB1,259 million, representing a year-on-year increase of 18.66%.

Research and Development

In 2025, the Group continued to advance its "Bio+" strategy, relying on national and provincial-level R&D platforms such as the "National Engineering Research Center for Arable Land Protection" to accelerate the construction of "Bio+" R&D capabilities, biotechnology research breakthroughs, and "Bio+" product development. In terms of "Bio+" R&D capability building, three new biotechnology R&D models, including targeted saline-alkali resistance, were established, continuously accumulating data and optimizing the nine existing R&D models, completing the construction of the "semi-field" biological testing platform, improving the stability and predictability of products from R&D to application. In terms of key technology breakthroughs, ten key technologies, including biological nitrogen fixation, were tackled, of which three technologies reached the applied research stage. In terms of product development and transformation, 20 new or upgraded products were developed, of which four "Bio+" products achieved trial production and sales/industrial transformation. In 2025, the transformation volume of scientific research achievements reached 1.36 million tons, of which the transformation volume of high-end new products increased by 44% year on year.

Basic Business Segment

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

In terms of potash fertilizer operations, in 2025, the international and domestic potash fertilizer markets performed strongly with robust demand and upward price trends. The Group actively promoted the conclusion of the 2025 potash fertilizer import negotiations, continuously building a diversified supply system, signing memoranda of cooperation with multiple important international suppliers to ensure medium and long-term supply sources, strengthening cooperation with domestic potash fertilizer producers, expanding the scope of cooperation and conducting joint supply guarantees. During the critical period of spring planting, reserve releases were carried out, enterprises in the industry were united to maintain market stability, and potash fertilizer supply efforts were increased. The Group improved the agricultural potash channel marketing model centered on “Fenghexiang (楓禾祥)”, enriched the agricultural potash product system, and the sales volume of biological potash fertilizer “Weidefeng (威得豐)” increased, leading innovation in potash fertilizer business and high-quality development.

In terms of phosphate fertilizer operations, the Group relied on the full industry chain operation model to ensure supply sources and effectively respond to various challenges and risks. With strategic procurement capabilities as the core, the Group established deep cooperation with industry leading enterprises, building a strategic supply system with comprehensive cost leadership, effectively implementing the requirements of ensuring stable supply and prices of phosphate fertilizer. The Group actively explored overseas markets, enhanced resource acquisition capabilities such as sulfur, and reshaped the supply system. Moreover, the Group optimized value allocation across its phosphate fertilizer operations, providing comprehensive solutions around upstream and downstream demand pain points to reduce farmers’ fertilizer costs. The Group created the bio-phosphate fertilizer single core products represented

by “Meilinmei”. As a leading brand in sales volume in the efficiency-enhancing phosphate fertilizer field, this product covers more than 30 crop types, and won the SASAC of the State Council’s designation for the second batch of leading, iconic and representative brand creation achievements in the central enterprise brand leadership action. Since its launch in 2018, “Meilinmei” has achieved a cumulative service area exceeding 30.00 million mu, with continuing growth in sales, and cumulative sales volume exceeding 1.20 million tons as at the end of 2025.

Growth Business Segment

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

The biological compound fertilizer business operations closely revolve around the “Bio+” strategic deployment, focusing on sustained high-speed growth in the medium and long-term, deepening product structure adjustment, concentrating on building single core products under the biological compound fertilizers such as “Lanlin (藍麟)”, “Yaxin (雅欣)”, “Kedefeng (科得豐)”, “Huanfeng (煥豐)”, and “Zhiyang (智養)”, thus further enhancing the vitality of high-end “Bio+” products, with sales of high-end products reaching a new high, representing a year-on-year increase of 42.5%. First, adhering to the concept of green emission reduction and innovative growth, the Group deeply explored the organic integration of crop pain points, market demand and farmers’ income increase, focusing on five core priorities: product iteration and innovation, product supply, market layout, channel customer development, and marketing promotion, continuously deepening product system construction and product structure adjustment, with the launch of single core products under the bio-compound fertilizers such as “Huanfeng” and “Zhiyang”. Second, focusing on deep touchpoints throughout the user purchase journey, penetrating dealers, retailers and growers, continuously innovating and refining technical marketing promotion models, with continuously improving end-user market influence.

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Specialty fertilizer operations continuously focused on core products and core technologies, continuously building high-quality channel networks, while continuously enriching the self-developed and self-produced product system, newly launching the seaweed polymer phosphorus-potassium biostimulant product “Songtian (頌甜)”, receiving good market feedback. In 2025, the two “You” product lines, namely “Youliangmei (優靚美)” and “Youcuilu (優翠露)”, high-end biological agent barrel fertilizers, high-concentration bacterial agents and “Moli+ (摩力+)” series products all achieved year-on-year growth in revenue and gross profit.

In 2025, the crop protection products and seeds synergy business developed steadily. Through measures such as enriching customized product introductions, breakthroughs in core single product crop application scenarios, and upstream and downstream linkage with synergy partners, the crop protection synergy business was promoted to develop steadily, achieving revenue from crop protection synergy business of RMB408 million. In terms of the seed synergy business, leveraging the Group’s coverage and customer scale advantages in the corn, wheat and rice markets, the Group achieved rapid growth in seed business through variety screening with seed partners, conducting demonstration trials, and jointly holding core customer meetings, achieving revenue from synergy businesses of RMB51.77 million.

Production Business Segment

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

Facing adverse factors such as surging sulfur and sulfuric acid prices, Sinochem Yunlong took proactive actions, adjusted its product production structure in a timely manner based on market orientation, strictly controlled internal management, continuously innovated processes, developed MCP23 high-phosphorus feed calcium products, and continuously improved product value. In 2025, feed calcium production and sales volume was 350,000 tons, achieving net profit of RMB408 million, representing an increase of RMB102 million year on year.

Sinochem Yunlong accelerated the preliminary preparation work for key projects, and achieved 100% comprehensive utilization of phosphogypsum. The “Feed-grade Granular Dicalcium Phosphate Automatic Sampler (《飼料級粒狀磷酸氫鈣自動取樣器》)” and “Feed-grade Powdered Monocalcium Phosphate Automatic Sampler (《飼料級粉狀磷酸二氫鈣自動取樣器》)” developed by Sinochem Yunlong were granted utility model patent certificates by the China National Intellectual Property Administration. Sinochem Yunlong was awarded the honorary title of Innovative Small and Medium-sized Enterprise of Yunnan Province, achieving new breakthroughs in high-quality development.

Sinochem Fuling, facing multiple difficulties such as high phosphate ore prices, surging sulfur prices, and the arduous task of phosphogypsum consumption, focused on phosphogypsum breakthroughs, promoted business quality and efficiency improvement, conducted in-depth market research, used the “dynamic pre-calculation winning” mechanism for precise decision-making, guided product structure adjustment, and effectively completed current business targets. Annual production of fertilizer and finished acid was 1,110,200 tons, representing an increase of 114,100 tons as compared with the corresponding period of the previous year, with a net profit of RMB54 million, basically flat year-on-year. Sinochem Fuling’s “Fine Phosphate 5G Factory” project was successfully selected for the Ministry of Industry and Information Technology’s “2025 5G Factory Catalogue”, marking further progress in intelligent manufacturing and digital transformation.

Affected by continued declines in synthetic ammonia and urea prices, Sinochem Changshan recorded a year-on-year decrease of RMB417 per ton in ammonia prices and a net loss of RMB113 million, representing a year-on-year decrease of RMB127 million in profits. Sinochem Changshan adhered to operational excellence for internal potential tapping and industrial transformation and upgrading, solidly promoting carbon reduction measures such as new energy electricity application and carbon dioxide recycling and utilization, carrying out the high-tower compound fertilizer project renovation, continuously consolidating the industrial foundation of the Northeast fertilizer production base.

Digital Service Innovation

The Group deeply implemented the requirements of the 2025 Central No. 1 Document, promoted the implementation of the large-scale grain and oil crop yield improvement action plan, with more than 1,200 technical service personnel going deep into the grassroots for a long time, carrying out technical training, soil testing and fertilizer recommendation, field guidance and other work to ensure farmers' planting production safety, practicing the mission of the national rural revitalization strategy. According to different variety characteristics, differentiated full-process crop solutions were formulated to achieve grain crop yield improvement. The Group vigorously carried out green agricultural planting technology research, actively promoting technical achievements such as side-deep fertilization, integrated water and fertilizer management, microbial compounding, bacteria-fertilizer coupling, bio-activation, and soil improvement to facilitate arable land quality improvement. Combining different soil conditions, crop types and planting environments, the Group transformed demonstration results into simple, user-friendly and practical technologies for farmers to use, cumulatively forming comprehensive technical solutions for multiple crops.

In 2025, using integrated marketing service platforms such as Nongxiaohui (農小惠), Nongdaqun (農達圈), technology-benefiting-agriculture new media content platforms, and 400 customer service platforms, the Group provided growers with digital agricultural-benefiting activities, complete crop packages, fresh technical information and immediate technical services. By accelerating user acquisition through integrated online and offline channels and building a segmented private-domain user base, the cumulative number of Nongxiaohui online retail stores exceeded 18,000, achieving an overall coverage rate of over 90% in agricultural counties; digital marketing activities benefited more than 3.20 million farmers, and besides, the Group cumulatively published more than 5,000 pieces of graphic, short video and live streaming content, with online reach exceeding 30.00 million visits, effectively enhancing the quality and efficiency of services for end users.

Internal Control and Management

The Group's internal control and risk management system was established based on the "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission in the United States, the "Risk Management Guidelines" published by the International Organization for Standardization

and the "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants, and following the "Central Enterprises Comprehensive Risk Management Guidelines", the "Basic Rules of Corporate Internal Control" and its referencing guidelines, and the "Measures for Central Enterprises Compliance Management" of China as well as in compliance with the national requirements on strengthening internal control system establishment and supervision in recent years. Adopting a risk management-oriented approach, the Group paid attention to establishing internal control in line with strategic development and integrated with business management. Through risk identification, assessment and response measures, the Group implemented whole-process risk management, alert and response measures for material risks to serve the steady development and value creation of the Group.

In 2025, the Group continuously and fully implemented the requirements of the State-owned Assets Supervision and Administration Commission for the construction and supervision of the internal control system of state-owned enterprises. The Group effectively fulfilled the Board's responsibilities of supervision on internal control throughout the entire chain, enhanced the quality of state-owned listed companies, strengthened organizational leadership, attempted to establish an internal control system adapted to the needs of look-through supervision, and strengthened multi-faceted supervision. The Group continued its promotion of the "Optimization and Enhancement Project on System", which entered the consolidation stage this year. The Group further supervised each subsidiary to thoroughly review the deficiencies of the internal control system and improve the Group's overall corporate governance level. This fully completed the addition and revision of system processes and the manuals on rights and responsibilities, and continuously strengthened the establishment of the internal control system. The Group improved and published important business rules and regulations such as those for production and operation, procurement management and audit management. As at the end of the year, a total of 124 systems were published, and the 2025 version of the manual on rights and responsibilities with 98 working authorities in total was published, achieving complete basic systems and rights and responsibilities systems. The Group continued to carry out various forms of publicity on the culture of compliance, including presentation activities on risks by department heads of the operations and middle and back office as well as meetings on special topics, so as to continuously promote managers at all levels to firmly establish a scientific concept of business safety and create

MANAGEMENT REVIEW AND PROSPECT

a benign and compliant internal control atmosphere of “steady operation and healthy development”. The Group continued to carry out the work on risk identification, monitored major risks, comprehensively investigated incidents regarding operational risks, and focused on the establishment of long-term mechanisms.

In 2025, the internal control and risk management system of the Group satisfactorily met the requirements of domestic and foreign regulatory agencies. The internal control and management function aligned with the strategic transformation of the Group, and proactively enabled, supported and assured its business development, which effectively protected the interests of shareholders of the Group, asset safety and the improvement of operation quality.

Social Responsibility

The Group deeply implemented the national strategic deployment on ensuring food security and stable supply of important agricultural products, closely focusing on the core requirements of the Central No. 1 Document of “stabilizing grain and increasing oil, improving yield per unit area, and protecting arable land”, giving full play to the key supporting role of the technical marketing system, empowering all links of the industry chain through technical marketing, continuously making efforts in ensuring stable supply of agricultural materials, promoting stable market prices, and serving crop quality and efficiency improvement, delivering a “combination of measures (組合拳)” of service innovation, smoothing the “last mile (最後一公里)” of helping farmers and benefiting farmers, providing technical support, addressing practical challenges and supporting farmers’ income growth, delivering warm services to the fields, consolidating the foundation of agricultural production with practical actions, serving the overall situation of rural revitalization, and comprehensively implementing the national food security strategy.

During critical periods such as spring planting, the Group timely organized potash fertilizer reserve releases, uniting with industry enterprises to jointly maintain market order. The Group maintained high operating rates at production factories, accelerated the development and promotion of biotechnology and products for fertilizer reduction and efficiency improvement, strengthened terminal agricultural chemical services and training, carried out supply guarantee and price stability publicity, and ensured domestic market fertilizer supply.

The Group focused on the yield bottlenecks of major grain and oil crops and planting cost optimization, organizing experts and technical and business personnel to go deep into the front line throughout the year, testing and promoting more than 200 technology integration solutions centered on quality improvement and efficiency increase. The Group established deep cooperation with large-scale growers nationwide, building more than 3,000 demonstration and promotion fields in key agricultural production areas. Through the “technical resident + full-process tracking” model, demonstration fields were built into “field demonstration plots” that can be observed, learned from and replicated, systematically displaying comprehensive solutions for quality improvement and yield increase, radiating and driving regional production level improvement. In response to natural disasters, the Group formulated disaster prevention and production protection plans for different disaster types and crop growth stages, carrying out more than 1,000 soil testing and fertilizer recommendations, field diagnoses and disaster prevention guidance throughout the year, helping farmers prevent in advance and minimize crop yield losses to the greatest extent, avoiding impact on market supply and prices due to regional yield reductions, maintaining stability of agricultural product supply chains, and providing technical support for promoting stable crop yield and efficiency increase, continuous farmer income growth, and healthy and stable operation of the agricultural materials market.

To implement the strategy of sustainable farmland use, the Group took the lead in launching the “HOPE Soil Health” service platform. The HOPE platform focuses on three core services: “soil problem diagnosis – soil health improvement – sustainable soil health management”, relying on technological innovation and business model innovation to provide users with targeted “soil health + efficient nutrition + green pest control + regenerative agriculture” four-in-one comprehensive solutions. The Group has cumulatively formed 25 sets of soil health indicator systems applicable to different scenarios, as well as multiple sets of comprehensive solutions, achieving successful practices in multiple fields such as characteristic economic crop soil health improvement, demonstrating strong market vitality. The Group successfully held three sessions of soil health and regenerative agriculture forums, won multiple social honors, leading to high-quality development of the agricultural industry and helping to realize rural revitalization in a comprehensive manner.

The Group actively promoted consumption-based poverty alleviation, love-assisted education, public welfare donations and other work, solidly fulfilling assistance and support responsibilities, focusing on characteristic industries in assisted areas, broadening sales channels for agricultural products and driving income increase, purchasing assistance products totaling RMB633,900 throughout the year. The Group donated 100 sets of mattresses and wardrobe cabinets to relevant primary schools in Chifeng, Inner Mongolia, assisting special groups in remote areas and supporting local education and public welfare undertakings. The Group donated phosphate fertilizer, compound fertilizer and other agricultural materials to empower agricultural production recovery, effectively alleviating difficulties for assisted people, with cumulative donations of RMB539,100 throughout the year, helping regional agricultural development.

Outlook

In 2026, amid ongoing geopolitical conflicts, the rapid increase in bulk raw material costs is expected to pose significant challenges to global fertilizer supply and industry development. Major domestic fertilizer products will likely face continued pressure from capacity, supply and demand factors, and industry consolidation is expected to accelerate. The newly issued Central Document No. 1 set the target of “stabilizing grain output at around 1.4 trillion jin”, promoting a new round of initiatives to enhance grain production capacity by 100 billion jin. It focused on increasing per-unit yields, protecting arable land, and constructing high-standard farmland, while strengthening policy subsidies and benefit compensation mechanisms to safeguard farmers’ grain-growing enthusiasm. Grain prices are expected to remain generally stable with an upward trend, allowing high-quality varieties to achieve “premium prices for superior quality”.

The Group will steadfastly advance its “Bio+” strategy and build a tightly integrated research-production-marketing system. By strengthening the industrial foundation, upgrading operational excellence, and pursuing green and low-carbon development, it will cultivate and expand single core biological fertilizer products, enhance its crop full-cycle nutrition service capabilities, persist in reducing carbon emissions, actively promote agricultural green transformation, contribute to increasing grain production and farmers’ income, continuously consolidate the foundation for high-quality development, and strive tirelessly to realize its development vision: “To become a leader in crop nutrition health, working hand in hand with millions of farmers to create a fertile and abundant land”, and create value for shareholders.



MANAGEMENT'S DISCUSSION AND ANALYSIS



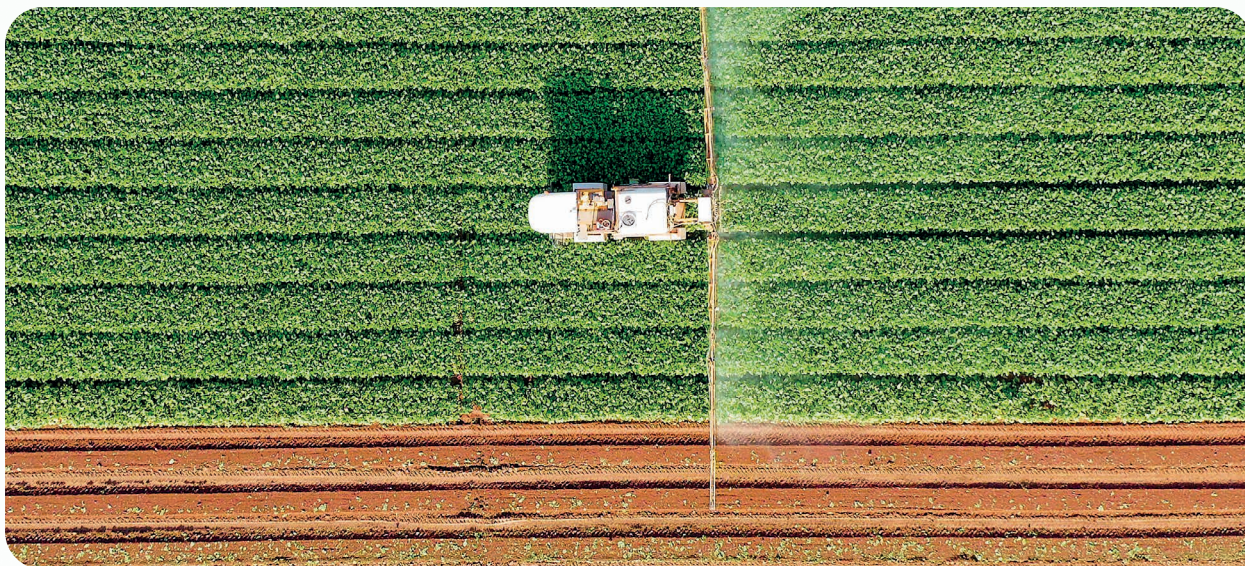
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended 31 December 2025, the Group's sales volume was 7.31 million tons, representing a slight increase of 1.39% compared to the sales volume for the year ended 31 December 2024. Revenue amounted to RMB23,263 million, an increase of 9.4% over the year ended 31 December 2024. Gross profit amounted to RMB2,893 million, up by 13.72% over the year ended 31 December 2024. Profit attributable to owners of the Company was RMB1,259 million, an increase of 18.66% over the year ended 31 December 2024.

I. OPERATION SCALE

(I) Sales volume

In 2025, the Group firmly advanced the implementation of the "Bio+" strategy, persistently driving innovation as the core engine, and continuously enriched and refined the "Bio+" product portfolio. Simultaneously, focusing on the Group's main brand revitalization, through brand communication and promotion, the Group continuously enhanced market recognition as the "Crop Nutrition Health Leader", comprehensively building the Group's core competitiveness. For the year ended 31 December 2025, the Group's sales volume was 7.31 million tons, a slight increase of 1.39% compared to the year ended 31 December 2024; biofertilizer sales volume was 1.54 million tons, an increase of 14% compared to the year ended 31 December 2024.



(II) Revenue

For the year ended 31 December 2025, the Group recorded revenue of RMB23,263 million, representing an increase of RMB1,998 million or 9.4% compared with the year ended 31 December 2024, mainly resulting from an increase in average selling price.

Table 1:

	For the year ended 31 December			
	2025		2024	
	Revenue RMB'000	As percentage of total revenue	Revenue RMB'000	As percentage of total revenue
Phosphate fertilizers	7,511,687	32%	6,659,719	31%
Compound fertilizers	7,482,843	32%	6,747,830	32%
Potash fertilizers	4,194,687	18%	3,939,159	19%
Monocalcium/Dicalcium phosphate (MCP/DCP)	1,571,438	7%	1,322,387	6%
Special fertilizers	434,044	2%	677,705	3%
Others	2,068,406	9%	1,918,054	9%
Total	23,263,105	100%	21,264,854	100%

(III) Segment revenue and segment results

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

Below sets forth an analysis of the Group's revenue and profit by the above-said segment for the year ended 31 December 2025 and the year ended 31 December 2024:

Table 2:

	For the year ended 31 December 2025				
	Basic Business RMB'000	Growth Business RMB'000	Production Business RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External revenue	12,393,752	8,451,647	2,417,706	–	23,263,105
Internal revenue	4,327,441	2,878,349	3,547,059	(10,752,849)	–
Segment revenue	16,721,193	11,329,996	5,964,765	(10,752,849)	23,263,105
Segment profit	874,069	349,016	404,457	–	1,627,542

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

Segment profit represents the profit earned by each segment without taking into account unallocated share of results of associates and joint ventures, unallocated expense/income and finance costs in relation to 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 year ended 31 December 2025, the segment profit was RMB1,628 million, which increased by RMB249 million as compared to that of the corresponding period last year. The Basic Business Segment, under the global fertilizer supply-demand tight balance situation, continuously enhanced its strategic centralized procurement capabilities, consolidated long-term strategic partnerships with traditional core suppliers, and actively built a diversified domestic resource supply system to ensure stable supply of goods in the domestic market. In 2025, the segment achieved a profit of RMB874 million, representing an increase of 35.5% compared to the corresponding period last year. The Growth Business Segment, facing the dual pressures of high raw material costs and weak fertilizer market demand due to low crop prices, focused on the core concepts of “differentiation, segmentation, high-end, and branding”. By innovating products, optimizing market layout, implementing refined customer classification management, and conducting regular marketing promotions, the Growth Business Segment strived to build a stable and high-quality development model and continuously promoted the implementation of the “Bio+” strategy. In 2025, the segment achieved a profit of RMB349 million, representing a slight increase of 0.58% compared to the corresponding period last year. The Production Business Segment, rooted in safe and stable production, driven by operational excellence, optimized and upgraded product structure, focused on improving quality and efficiency, increasing production and reducing consumption, and adhered to green and sustainable development. In 2025, the segment achieved a profit of RMB404 million, representing an increase of 4.39% compared to the corresponding period last year.

II. PROFIT

(I) Share of results of joint ventures and associates

Share of results of joint ventures: For the year ended 31 December 2025, the Group's share of results of joint ventures was a profit of RMB101 million, representing a decrease of RMB86 million or 45.99% compared to a profit of RMB187 million for the year ended 31 December 2024. This was mainly attributable to the share of results of joint venture, Yunnan Three Circles-Sinochem Fertilizer Co., Ltd. (“Three Circles-Sinochem”), amounting to a profit of RMB98 million for the year, a decrease of RMB89 million compared to the same period last year.

Share of results of associates: For the year ended 31 December 2025, the Group's share of results of associates was a loss of RMB5 million, representing a decrease of RMB41 million compared to a profit of RMB36 million for the year ended 31 December 2024. The main reasons were that the share of results of Guizhou Xinxin Industrial Holdings Group Co., Ltd. and Guizhou Xinxin Coal Chemical Co., Ltd. amounted to a profit of RMB5 million in 2025, a decrease of RMB34 million compared to the same period last year, and the share of results of Yitong Digital Technology Co., Ltd. (“Yitong Digital Technology”) was a loss of RMB9 million, a decrease of RMB7 million compared to the same period last year.

(II) Income tax

For the year ended 31 December 2025, the Group's income tax expense was RMB275 million, of which current tax was RMB283 million and deferred tax was negative RMB7.4 million. In 2025, current tax increased by RMB113 million as compared with the corresponding period of the previous year, mainly due to that the Group's profit from operations increased by RMB440 million as compared with the corresponding period of the previous year.

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 is 25%, while the income tax rate of Macao and Hong Kong is 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 year ended 31 December 2025, profit attributable to owners of the Company was RMB1,259 million, an increase of RMB198 million or 18.66% compared with a profit of RMB1,061 million for the year ended 31 December 2024. The Group firmly advanced the "Bio+" strategy, continuously enhanced the technological content of products, strengthened product quality control and refined cost management. By consolidating diversified supply sources and improving the quality and efficiency of marketing channel services, the Group promoted quality and efficiency improvement throughout the procurement and sales process, leading to an increase in gross profit compared with the same period last year.

For the year ended 31 December 2025, the net profit margin of the Group calculated as profit attributable to owners of the Company divided by revenue, was 5.41%, representing an increase of 0.42 percentage points over the corresponding period of last year.

III. EXPENSES

For the year ended 31 December 2025, the three categories of expenses in aggregate amounted to RMB1,450 million, representing an increase of RMB28 million or 1.97% from RMB1,422 million for the year ended 31 December 2024. Of which:

Selling and distribution expenses: For the year ended 31 December 2025, selling and distribution expenses amounted to RMB621 million, representing an increase of RMB13 million or 2.14% from RMB608 million for the year ended 31 December 2024. This was mainly attributable to the Group's deepening of its digital marketing transformation, continuous iteration of its digital marketing platform system, and comprehensive enhancement of terminal promotion and store conversion efficiency through forms such as new media publicity and traffic guidance, brand benefit farmers' QR code marketing activities, and local group-buying store traffic guidance. The sales volume of biofertilizers increased by 14% year on year, resulting in a year-on-year increase in marketing expenses.

Administrative expenses: For the year ended 31 December 2025, administrative expenses amounted to RMB784 million, representing an increase of RMB27 million or 3.57% from RMB757 million for the year ended 31 December 2024. This was mainly attributable to the Group deepening its QHSE (Quality, Health, Safety and Environment) management, upgrading safety facilities, consolidating achievements in safe production rectification and ecological environmental protection, and continuously building the foundation for green and sustainable development. Safety production expenses increased by RMB15 million year-on-year.

Finance costs: For the year ended 31 December 2025, finance costs amounted to RMB45 million, representing a decrease of RMB12 million or 21.05% from RMB57 million for the year ended 31 December 2024. This was mainly due to the fact that, by leveraging the moderately loose domestic monetary policy environment, the Group actively broadened and optimized financing channels, continuously reduced financing scale, with interest-bearing liabilities decreased by RMB363 million year on year, thus effectively lowering comprehensive financing costs.

IV. OTHER INCOME AND GAINS

For the year ended 31 December 2025, the Group's other income and gains amounted to RMB214 million, representing a decrease of RMB23 million from RMB237 million for the year ended 31 December 2024. Other income and gains mainly consist of interest income, government grants, and foreign exchange gains, etc. The year-on-year change was mainly due to asset disposals. In 2025, the Group had no significant gains from asset disposals. In 2024, the asset disposal income primarily came from the disposal of the related assets of the nitrogen fertilizer business unit by Sinochem Fertilizer to Yitong Digital Technology, with a consideration of RMB42 million.

V. OTHER EXPENSES AND LOSSES

For the year ended 31 December 2025, the Group's other expenses and losses amounted to RMB205 million, representing a decrease of RMB152 million from RMB357 million for the year ended 31 December 2024. Other expenses and losses mainly consist of losses on sales of semi-finished products, raw materials and scrapped materials, and impairment losses of assets. The year-on-year change is mainly due to the provision of expected credit losses on the loan to Yangmei Pingyuan Chemical Co., Ltd. ("Yangmei Pingyuan") in 2024. In December 2023, Yangmei Pingyuan received a mandatory shutdown notice from the People's Government of Pingyuan County, Shandong Province, resulting in the cessation of operations of Yangmei Pingyuan. In January 2024, in order to resettle employees in a proactive and orderly manner, Yangmei Pingyuan borrowed funds from its shareholders, and Sinochem Fertilizer provided a two-year loan of RMB168 million to Yangmei Pingyuan according to its shareholding ratio. Taking into account the insolvency of Yangmei Pingyuan and its bankruptcy and liquidation proceedings in January 2025, based on prudent considerations, the Group made an impairment provision of RMB168 million for the amount lent to Yangmei Pingyuan in 2024. On 16 December 2025, the Pingyuan County Court ruled to approve the bankruptcy reorganization of Yangmei Pingyuan. The deadline for the appointment of the bankruptcy administrator was 31 December 2025. As at 31 December 2025, as the bankruptcy reorganization plan for Yangmei Pingyuan was not provided, there was no sufficient evidence as to whether the bankruptcy reorganization plan could proceed smoothly, and the recoverable amount of the Group's loans could not be estimated.

VI. INVENTORIES

As at 31 December 2025, the inventories balance of the Group amounted to RMB5,830 million, up by RMB605 million or 11.58% compared with RMB5,225 million as at 31 December 2024. In order to cope with the risk of high price fluctuations of fertilizer products, the Group prudently optimized its inventory structure and reasonably controlled inventory exposure risk while ensuring normal reserves during the winter storage season. Inventory turnover days were 99 days, 8 days faster as compared with the corresponding period of the previous year.

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

VII. TRADE AND BILLS RECEIVABLES

As at 31 December 2025, the Group's balance of trade and bills receivables amounted to RMB380 million, representing an increase of RMB87 million or 29.69% from RMB293 million as at 31 December 2024. This was mainly attributable to outstanding long-term letters of credit that had not yet matured, for which the related accounts receivable had not been recovered. The Group proactively prevented credit risk, and this batch of letter of credit receivables was fully recovered upon maturity in February 2026. The turnover days of trade and bills receivables of the Group in 2025 were 5 days, representing 1 day less than the turnover days in 2024.

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

VIII. LOANS TO FELLOW SUBSIDIARIES

As at 31 December 2025, the Group's loans to fellow subsidiaries amounted to RMB200 million, all of which were for the provision of funds to China National Seed Group Co., Ltd., bearing an interest rate of 2.35%.

IX. GOODWILL

As at 31 December 2025, the goodwill balance of the Group decreased by RMB7 million to RMB854 million from RMB861 million as at 31 December 2024, which was mainly due to foreign exchange adjustments. For the purposes of impairment testing, the goodwill has been allocated to the cash-generating units ("CGUs") of the related segments as follows:

Table 3:

	At 31 December	
	2025 RMB'000	2024 RMB'000
Basic business	195,236	199,703
Growth business	91,876	93,977
Production business		
– Sinochem Yunlong	531,074	531,074
– Others	35,487	36,299
	853,673	861,053

Table 4:

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

2025	Basic Business	Growth Business	Production Business
Annual revenue growth rate during and beyond the forecast period	1.8%	1.8%	1.8%
Gross profit margin	8.6%	10.5%	38.9%
Pre-tax discount rate	11.9%	11.9%	13.0%

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

X. INTERESTS IN JOINT VENTURES AND ASSOCIATES

As at 31 December 2025, the balance of the Group's interests in joint ventures and associates amounted to RMB1,079 million, down by RMB79 million or 6.82% compared with RMB1,158 million as at 31 December 2024. This was mainly due to the Group's share of investment gains of joint ventures and associates totaling RMB96 million in 2025 calculated using the equity method, and the receipt of dividends totaling RMB174 million distributed by joint ventures and associates, of which Three Circles-Sinochem distributed a dividend of RMB172 million in the current period, and Gansu Wengfu Chemical Co., Ltd. ("Gansu Wengfu") distributed a dividend of RMB2 million in the current period.

During the period, the Group did not conduct any significant acquisitions or disposals of joint ventures and associates.

XI. OTHER EQUITY SECURITIES

As at 31 December 2025, the Group's balance of other equity securities amounted to RMB196 million, representing an increase of RMB108 million from RMB88 million as at 31 December 2024, which was mainly due to the increase in the fair value of equity in Guizhou Kailin Holdings (Group) Co., Ltd. held by the Group.

As at 31 December 2025, the Group did not hold any significant investments accounting for 5% or more of the Group's total assets.

XII. INTEREST-BEARING LIABILITIES

As at 31 December 2025, the Group's total interest-bearing liabilities amounted to RMB1,507 million, representing a decrease of RMB363 million or 19.41% from RMB1,870 million as at 31 December 2024, which was mainly due to a decrease in bank financing during the period. For details of the interest-bearing liabilities, please refer to the section headed "XVI. LIQUIDITY AND FINANCIAL RESOURCES".

XIII. TRADE AND BILLS PAYABLES

As at 31 December 2025, the Group's balance of trade and bills payables amounted to RMB4,420 million, representing an increase by RMB1,133 million or 34.47% compared with RMB3,287 million as at 31 December 2024, which was mainly due to a year-on-year increase of RMB1,005 million in bills payable. The Group continued to optimize fund management, continuously improving fund utilization efficiency. By increasing the settlement scale of acceptance bills, the Group effectively extended the payment cycle and reduced the occupation of its own funds, further improving cash flow.

XIV. OTHER PAYABLES AND PROVISION

As at 31 December 2025, the balance of the Group's other payables and provision amounted to RMB1,337 million, representing an increase by RMB218 million or 19.48% compared with RMB1,119 million as at 31 December 2024, which was mainly due to the increase in output VAT collected from customers, which will be paid upon completion of sales.

XV. OTHER FINANCIAL INDICATORS

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

For the year ended 31 December 2025, the Group's earnings per share was RMB0.1793 and return on equity (ROE) was 11.64%, representing an increase of 1.09 percentage points over the year ended 31 December 2024.

Table 5:

	For the year ended 31 December	
	2025	2024
Profitability		
Earnings per share (RMB) <i>(Note 1)</i>	0.1793	0.1511
Return on equity <i>(Note 2)</i>	11.64%	10.55%

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

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

As at 31 December 2025, the Group's current ratio was 1.24, and its debt-to-equity ratio was 13.16%, representing a strengthened solvency. The Group enjoyed relatively high banking facilities and smooth financing channels, as well as diverse funding methods.

Table 6:

	As at 31 December 2025	As at 31 December 2024
Solvency		
Current ratio <i>(Note 1)</i>	1.24	1.29
Debt-to-equity ratio <i>(Note 2)</i>	13.16%	17.59%

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

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

XVI. LIQUIDITY AND FINANCIAL RESOURCES

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

As at 31 December 2025, the Group's cash and cash equivalents amounted to RMB2,928 million, which was mainly held in RMB and US dollar.

The Group's interest-bearing liabilities are as follows:

Table 7:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Bank loans and other borrowings <i>(Note)</i>	1,482,989	1,816,546
Lease liabilities	24,290	53,670
Total	1,507,279	1,870,216

Note: For details of the guarantees and collaterals for bank borrowings and other borrowings, please refer to Note 31 to the consolidated financial statements.

Table 8:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Carrying amount of interest-bearing liabilities due		
Within one year	849,349	899,238
More than one year	657,930	970,978
Total	1,507,279	1,870,216

Table 9:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Fixed-rate interest-bearing liabilities	378,240	672,165
Floating-rate interest-bearing liabilities	1,129,039	1,198,051
Total	1,507,279	1,870,216

As at 31 December 2025, the Group had banking facilities equivalent to RMB17,633 million, including US\$821 million and RMB11,859 million. The unutilized banking facilities amounted to RMB13,424 million, including US\$714 million and RMB8,399 million.

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

Regarding the above bank loans and other borrowings, there were no breaches of loan agreements during the period, and the agreements did not contain conditions requiring the Company's controlling shareholders to fulfill specific responsibilities.

XVII. OPERATIONAL AND FINANCIAL RISKS

The Group's major operational risks include the following: internationally speaking, geopolitical conflicts disturbed the stability of global supply chains, and price fluctuations of international energy and core fertilizer raw materials such as phosphate rock and sulphur intensified. In addition, the security of Red Sea shipping routes was threatened, as evidenced by shipping companies raising prices, taking alternative shipping routes or suspending services, coupled with increased freight and insurance premiums and prolonged transit times, leading to increased pressure on the Group's procurement costs. Domestically speaking, planting returns for some agricultural products were poor, impacting the demand for fertilizers; simultaneously, the domestic planting model was accelerating its transformation towards scale, digitalization, and greening, and the iteration and upgrade of new-type fertilizer technologies were accelerating. Significant changes in the domestic and international environments have prompted the Group to proactively take measures to respond promptly to market dynamics and industry trends, and effectively prevent and mitigate operational risks. Under the guidance of the "Bio+" strategy, on one hand, the Basic Business strengthened its strategic centralized procurement capabilities, continuously enhanced and deepened strategic partnerships with global partners, deepened industrial channels, and expanded agricultural channels to further consolidate the foundation for the Group's sustainable development. On the other hand, the Growth Business focused on high-end "Bio+" products, enhanced the synergy efficiency of research, production and marketing, developed market segment maps, refined its product system, strengthened customer service capabilities, and fully explored new growth drivers for the Group's operating results, supporting and guaranteeing the Group's high-quality development.

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

Environmental and social risks

With the increasingly stringent requirements on environmental protection management and gradually intensive efforts in pollution control from the government, enterprises have been required to attach great importance to ecological civilization and environmental protection. The subsidiaries of the Group engaged in resource exploitation and fertilizer production strictly comply with laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China as well as the Water Pollution Prevention and Control Law of the People's Republic of China. Through stringent investigation and management on sources of corporate environmental risks, the subsidiaries of the Group implement measures to prevent and control pollution of air, surface water, groundwater and soil. In addition, they formulate emergency plans for sudden environmental pollution incidents, equip themselves with necessary emergency disposal materials, seriously perform emergency response exercises, and promptly launch emergency plans to limit production during heavily polluted weather. In 2025, no major environmental pollution incidents occurred in the Company.

Cyber risk and security

Network security is the core guarantee of enterprise operation. With the continuous deepening of digital intelligence, the network security protection system is becoming more complicated, and the difficulty of protection continues to increase. The Group has always placed cybersecurity at a strategic level, established a leading group for cybersecurity work, and made efforts to build a system that meets both the Group's standards and the characteristics of the industry through systematic inventory and understanding of the base of network assets. On this basis, around the whole life cycle of "planning-construction-operation and maintenance-offline" of information systems, the Group formulates safety management strategies covering all links; simultaneously promotes the whole process protection specification of "collection-transmission-storage-use-destruction" of data, and strengthen data security governance capabilities. By continuously improving the in-depth and collaborative technical defense system, the Group comprehensively enhanced the risk monitoring, threat warning and emergency response capabilities, effectively built a strong network security barrier to prevent the occurrence of network security incidents, and provided a solid security guarantee for the high-quality development of the Group.

Risks associated with data fraud or theft

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

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

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

Market risk

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

The majority of the Group's assets, borrowings and transactions are denominated in RMB, US dollars and HK dollars. Due to the presence of a certain scale of import and export business of the Group, exchange rate fluctuations have an impact on the import costs and export prices. The management of the Group has adopted prudent foreign exchange forward arrangements 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 maximum credit risk of the Group is that the counterparties may fail to carry out their obligations with regard to the book value of all types of financial assets recognized and recorded in the consolidated statement of financial position as at 31 December 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 affect its normal operation.

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

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

Liquidity risk

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

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

XVIII. CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no contingent liabilities.

XIX. CAPITAL COMMITMENT

Table 10:

	As at 31 December 2025 RMB'000	As at 31 December 2024 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	93,976	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.

XX. HUMAN RESOURCES

As at 31 December 2025, the Group employed approximately 4,407 full-time employees (including those employed by the Group's subsidiaries), and their remuneration is determined with reference to market rates. No individual employee shall have the right to determine his/her own remuneration. Details of the Group's remuneration policy are set out in the Corporate Governance Report on page 64 of this annual report.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS OF THE COMPANY

Mr. ZHANG Xuegong - Executive Director, the Chairman of the Board and the Chairman of Strategy Committee

Mr. ZHANG Xuegong, aged 55, was appointed as an Executive Director, the Chairman of the Board and the Chairman of Strategy Committee of the Company in February 2026. Mr. Zhang graduated from Tsinghua University in July 1995 with a Master of Science degree in physical chemistry, and obtained a master of business administration degree from China Europe International Business School in November 2004. Mr. Zhang joined China Chemical Import and Export Corporation in August 1995, and has since held various positions, including section chief of the Personnel Department and director of the president's office of China Chemical Import and Export Corporation; deputy general manager and general manager of the logistics business division of Sinochem International Corporation; assistant to the general manager, deputy director and director of the strategic execution department of Sinochem Group Co., Ltd.; director of the strategic execution department of Sinochem Holdings Corporation Ltd.; and executive director, secretary to the Party Committee and general manager of China National Seed Group Co., Ltd. Between March 1999 and February 2001, Mr. Zhang served in the Company, during which he successively held various positions including that of a staff member of the phosphate fertilizer division, deputy director and director of the general office. From October 2022 to February 2026, Mr. Zhang served as secretary to the Party Committee and president of the chemical business division of Sinochem Holdings Corporation Ltd., secretary to the Party Committee and general manager of Sinochem International Corporation (Stock Code: 600500.SH), and director and chairman of Sinochem International Corporation. Since February 2026, Mr. Zhang has been serving as secretary to the Party Committee of Sinochem Fertilizer Company Limited. Mr. Zhang has extensive experience in leading corporate development, is familiar with the agricultural and chemical industry chains and competitive landscape, possesses a thorough understanding of international business practices, and has strong capabilities in strategic planning, operational management, corporate leadership and business execution.

DIRECTORS AND SENIOR MANAGEMENT

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

Mr. WANG Tielin, aged 58, was appointed as an Executive Director, Chief Executive Officer, the Chairman of the Corporate Governance Committee and a member of the Strategy Committee of the Company in June 2024. Mr. Wang graduated from Tsinghua University in August 1990 with a bachelor's degree in mechanical design and manufacturing, and he obtained a master's degree in mechanical engineering from Tsinghua University in July 1994. Mr. Wang was a teacher at Tsinghua University, and worked at China National Industrial Machinery Import and Export Corporation and CMC International Tendering Corporation. After joining Sinochem Group Co., Ltd. in November 2002, Mr. Wang served as assistant general manager of China Foreign Economy and Trade Trust Co., Ltd., deputy general manager of Norian Fund Management Co., Ltd., chairman of the board of directors and general manager of Sinochem International Tendering Co., Ltd., deputy secretary of the party committee and vice president of the agriculture business division of Sinochem Group Co., Ltd., deputy secretary of the party committee, chief communications officer and vice president of Syngenta Group China. During this period, Mr. Wang served as the deputy general manager of the Company from May 2006 to August 2012. Mr. Wang has years of experience in leading corporate development, with good strategic insight, international cooperation, organisational development and resource integration capabilities, with nearly three decades of combined experience in machinery import and export, finance and agriculture.

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

Ms. CHEN Shengnan – Executive Director and Deputy General Manager

Ms. CHEN Shengnan, aged 47, was appointed as an Executive Director and a member of the Corporate Governance Committee and the Strategy Committee of the Company in June 2024. Ms. Chen is also the Deputy General Manager of the Company. Ms. Chen graduated from Nankai University with a bachelor's degree in chemistry in July 2000 and she obtained a master's degree in polymer physics and chemistry from Nankai University in July 2003. Ms. Chen joined Sinochem Fertilizer in July 2003 and she has served as the assistant general manager, deputy general manager, executive deputy general manager and general manager of the potash fertilizer department. Ms. Chen was appointed as the assistant general manager of the Company in January 2017, and was promoted to the position of deputy general manager of the Company in May 2020. She is currently serving in various subsidiaries of the Company, including the deputy general manager of Sinochem (Hainan) Agricultural Ecology Limited Company, the chairman of the board of directors and general manager of Sinochem Fertilizer Macao Limited, a director of China Fertilizer (Holdings) Company Limited, a director of Sinochem Fertilizer (Overseas) Holdings Ltd. and a director of Calorie Limited. Ms. Chen has been involved in the fertilizer industry for over two decades, with in-depth understanding of the demand and supply landscape and development trend of domestic and overseas fertilizer industry, and has extensive experience in international resource acquisition, marketing management and team management.

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

Ms. WANG Ling – Executive Director and Chief Financial Officer

Ms. WANG Ling, aged 51, was appointed as an Executive Director and a member of the Corporate Governance Committee of the Company in March 2023, and was appointed as a member of the Strategy Committee of the Company and a member of the Nomination Committee of the Company in January 2024 and June 2025 respectively. Ms. Wang is also the Chief Financial Officer of the Company. Ms. Wang graduated from Renmin University of China and obtained a bachelor's degree in international accounting in August 1997, and received a master's degree in accounting from Renmin University of China in July 2001. Ms. Wang joined China Foreign Economy and Trade Trust Co., Ltd., a subsidiary of Sinochem Group Co., Ltd., in July 2001, and served as a staff member of its finance department, investment banking department and trust business department. From November 2003 to August 2021, Ms. Wang held various positions such as the division head of the tax accounting division of the accounting management department, an assistant general manager of the accounting management department, and the general manager of the taxation and property rights division of the finance department of Sinochem Group Co., Ltd.. From August 2021 to January 2023, Ms. Wang served as the general manager of the taxation management division of the finance department of Sinochem Holdings. She served as the vice chairman of the supervisory committee of Qinghai Salt Lake Industry Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000792) from May 2024 to August 2025; and served as the director of Yitong Digital Technology Co., Ltd. (an indirect subsidiary of Sinochem and an associate of the Company) from March 2023 to October 2025. Ms Wang has served as the Chief Financial Officer of the Company since February 2023 and is currently a director of various subsidiaries of the Company. Ms. Wang has been involved in the financial sector for over two decades, with extensive experience in finance, financial affairs, taxation and property rights management.

Ms. ZHANG Guangyan – Non-executive Director

Ms. ZHANG Guangyan, aged 51, was appointed as a Non-executive Director and a member of the Audit Committee of the Company in August 2025. Ms. Zhang graduated from the University of International Business and Economics in July 1996 with a Bachelor's degree in Economics, majoring in International Trade, and subsequently obtained a Master's degree in Business Management from the University of International Business and Economics in June 2014. In July 1996, Ms. Zhang joined Sinochem Group, serving as Assistant General Manager of the Risk Management Department of China National Chemicals Import & Export Corporation* (中國化工進出口總公司); Assistant Director of the Disciplinary Inspection and Supervision Office and director of the First Department of Sinochem Corporation, Manager of the First Division of the Disciplinary Inspection and Supervision Department and Disciplinary Inspector; as well as Inspection Commissioner and Deputy Head of the Party Group Inspection Office of Sinochem Holdings (中國中化). From September 2003 to June 2011, she served at Sinochem Fertilizer (中化化肥), as Deputy General Manager of the Logistics Department, Deputy General Manager of the Legal and Risk Department, and Deputy General Manager of the Audit and Inspection Department. Since July 2025, Ms. Zhang has also been serving as a Director of Cangzhou Dahua Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600230), which is a subsidiary of Sinochem Holdings. Since December 2025, Ms. Zhang has also been serving as a Director of Sinochem Capital Limited* (中化資本有限公司) and Sinochem Capital Investment Management Corporation Ltd.* (中化資本投資管理有限責任公司).

Ms. Zhang has nearly 30 years of work experience, with profound knowledge in the regulatory requirements for listed companies and modern corporate governance, whilst being armed with strong risk identification, compliance review, and corporate governance capabilities, and being well versed in the fertilizer business, with extensive professional experience in risk management, compliance management, auditing, and team management practices.

DIRECTORS AND SENIOR MANAGEMENT

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

Mr. KO Ming Tung, Edward, aged 65, was appointed as an Independent Non-executive Director of the Company in April 2000. He is also the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ko obtained an external bachelor of Laws degree from the University of London in the United Kingdom in August 1986 and is a member of The Law Society of Hong Kong. Mr. Ko is the principal of Messrs. Edward Ko & Company and has been practising as a solicitor in Hong Kong for more than 33 years.

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

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

Mr. LU Xin, aged 62, was appointed as an Independent Non-executive Director of the Company in February 2015. He is also the Chairman of the Remuneration Committee, and a member of the Audit Committee, the Nomination Committee and the Strategy Committee of the Company. Mr. Lu graduated from Dongbei University of Finance and Economics in China in 1987 with a bachelor's degree in Economics, and has been awarded a master of business administration by the University of South Australia in 2006. Mr. Lu worked for the Ministry of Finance of the People's Republic of China from 1987 to 1992, and China Trust and Investment Corporation for Economic Development from 1992 to 1995. Since 1995, Mr. Lu has successively served as the assistant general manager, deputy general manager and managing director of Golden Sino (Holdings) Limited. From 2001 to 2004, Mr. Lu was the executive director and deputy chairman of the Board and the managing director of the Company (formerly known as Wah Tak Fung Holdings Limited). From 2008 to 2010, Mr. Lu was an independent non-executive director of Sino Resources Group Limited, whose shares are listed on the Main Board of the Stock Exchange in Hong Kong. Mr. Lu has over 31 years of experience in finance, investment and corporate management with extensive knowledge about economic activities of Hong Kong and Mainland China.

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

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

Mr. SUN Po Yuen, JP, aged 65, was appointed as an Independent Non-executive Director of the Company in June 2024. He is also the Chairman of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee of the Company. Mr. Sun graduated from the Hong Kong Polytechnic University (formerly known as The Hong Kong Polytechnic) in 1984 with a Professional Diploma in Accountancy. Upon graduation, Mr. Sun joined PricewaterhouseCoopers, and served as a partner and held various leadership positions at PricewaterhouseCoopers in Hong Kong from 1996 to 2021. From 2017 to 2021, he concurrently served as lead director of both governance boards of PricewaterhouseCoopers China and PricewaterhouseCoopers Asia Pacific and was a member of the global board of PricewaterhouseCoopers. Mr. Sun retired in July 2021. In terms of public service, Mr. Sun has served as a director of the Hong Kong Science and Technology Parks Corporation, the Hong Kong Applied Science and Technology Research Institute Company Limited, and the Estate Agents Authority. Mr. Sun served as a member of the Listing Committee of The Stock Exchange of Hong Kong Limited from 2009 to 2014 and has been a governance committee member of the Hong Kong Polytechnic University Foundation since 2014. He is a Justice of the Peace of the Hong Kong Special Administrative Region, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. With nearly four decades of experience in accounting, Mr. Sun has extensive experience working in accounting firms and auditing services for multinational corporations. He is familiar with business logic and regulatory requirements for listed companies, and has a deep understanding of the Hong Kong capital market and the sustainable development of listed companies.

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

SENIOR MANAGEMENT OF THE COMPANY

Ms. WANG Fang – Deputy General Manager

Ms. WANG Fang, aged 53, is the Deputy General Manager of the Company. Ms. Wang graduated from Guizhou University of Finance and Economics with a bachelor's degree in trade and economics in July 1994 and obtained a master's degree in business administration from Guizhou University in July 2005. Ms. Wang began her career in July 1994 and previously served as a staff member of the sales and transportation department, manager of the marketing department, assistant general manager and head of general office, and deputy general manager of the sales company of Wengfu (Group) Limited Liability Co., Ltd. Ms. Wang joined Sinochem Fertilizer in March 2012 and successively held positions such as deputy general manager of phosphate compound fertilizer department, deputy general manager (presiding over the work) of phosphate fertilizer department and general manager of phosphate fertilizer department. She served as the assistant general manager of the Company, deputy general manager of the basic fertilizer division, and general manager of the phosphate fertilizer department from January 2017 to May 2020. Ms. Wang was promoted to her present position in May 2020, and has concurrently served as general manager of Phoschem division and a director of various subsidiaries of the Company.

Mr. SHI Guangzhu – Deputy General Manager

Mr. Shi Guangzhu, aged 43, is the Deputy General Manager and QHSE Director of the Company. Mr. Shi graduated from Hebei University of Economics and Business with a bachelor's degree in accounting in July 2005 and obtained a master's degree in business administration from Hong Kong Finance & Economics College in September 2011. Mr. Shi began his career in July 2005, and previously served as deputy manager of the finance department (acting in charge) at Sinochem Hebei Co., Ltd., deputy general manager and general manager of Sinochem Hebei Xinbao Chemical Technology Co., Ltd., deputy general manager and HSE Director of Sinochem Hebei Corp., HSE Director of high-performance materials division of Sinochem International Corporation, and HSE and industrial management director of Syngenta Group China. Mr. Shi assumed the role of QHSE Director of the Company in May 2024 and was appointed as the Deputy General Manager of the Company in June 2024, and has concurrently served as general manager of the HSE & industrial management department of the Company and the chairman of the board of directors of Sinochem Jilin Changshan Chemical Co., Ltd., an indirect controlled subsidiary of the Company.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining a high standard of corporate governance practices and business ethics standards, and firmly believes that this is crucial for improving the Group's effectiveness and performance and safeguarding the interests of shareholders. The Chairman is primarily responsible for ensuring the establishment of good corporate governance practices and procedures. The Board reviews the Company's corporate governance practices from time to time to meet the expectations of stakeholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to upholding good corporate governance.

CORPORATE GOVERNANCE FUNCTIONS

The Company has adopted the Corporate Governance Code as its corporate governance policy and practices.

The Board is responsible for performing corporate governance functions, including developing and reviewing the Company's corporate governance policies and practices, reviewing and monitoring the training and continuous professional development of directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the Corporate Governance Code and the disclosures in the corporate governance report. In addition, the Board has also designated its five committees to assist in performing the corporate governance functions.

For the year ended 31 December 2025, the Company has complied with the code provisions set out in the Corporate Governance Code and the Listing Rules requirements regarding the continuing obligations of listed issuers, except for the following deviations:

The code provision C.6.2 stipulates that, a board meeting should be held to discuss the appointment of the company secretary, and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of a company secretary of the Company (the "Company Secretary") in November 2025 was dealt with by a written resolution. The Board considers that, prior to the execution of the written resolution to appoint the Company Secretary, all Directors were consulted on the matter without any dissenting opinion and the matter does not need to be approved by a physical board meeting instead of a written resolution.

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, the Chairman of the Board, did not chair the meeting due to other essential business engagements. In order to ensure smooth holding of the 2025 AGM, upon authorization by Mr. Su and election by the Directors attending the meeting, Mr. Ko Ming Tung, Edward, the Independent Non-executive Director of the Company, was appointed to chair the meeting. Respective chairmen or representatives of the audit, remuneration, nomination and corporate governance committee of the Company were present at the 2025 AGM and were available to answer relevant questions, which was in compliance with other parts of code provision F.2.2.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

CORPORATE MISSION AND CULTURE

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

BOARD OF DIRECTORS

The Board of Directors of the Company directs, monitors and supervises the management, business, strategic planning and financial performance of the Company and its subsidiaries.

Board composition

As at 31 December 2025, the Board consisted of eight members, including three Executive Directors, namely Mr. WANG Tielin, Ms. CHEN Shengnan and Ms. WANG Ling, two Non-executive Directors, Mr. SU Fu, and Ms. ZHANG Guangyan and three Independent Non-executive Directors, namely Mr. KO Ming Tung, Edward, Mr. LU Xin and Mr. SUN Po Yuen.

During the year and subsequent to 31 December 2025, the following changes occurred in the composition of the Board:

1. On 25 August 2025, Ms. ZHANG Guangyan was appointed as a Non-executive Director.
2. On 13 February 2026, Mr. SU Fu resigned as a Non-executive Director and the Chairman of the Board. On the same date, Mr. Zhang Xuegong was appointed as an Executive Director and the Chairman of the Board.

There are no financial, business, family, or other material/relevant relationships among the Board members. Details of the directors' biographies are set out on pages 45 to 51 of this annual report. The latest list of directors setting out their roles and responsibilities is available on the websites of the Company and the Stock Exchange.

Executive Directors

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

Non-executive Directors

The Non-executive Directors of the Company have strong professional background and are experienced in corporate management and leading the development of enterprise, and provide professional opinion and analysis to the Board effectively.

Independent Non-executive Directors

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

Appointment, re-election and removal of Directors

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

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

Independence of the Board

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

The Board has noticed that Mr. Ko Ming Tung, Edward and Mr. Lu Xin, both Independent Non-executive Directors of the Company, have served the Board for more than nine years. Pursuant to code provision B.2.3 set out in the Corporate Governance Code, inter alia, if an independent non-executive director has served more than nine years, such director's further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should state why the board (or the nomination committee) believes that the director is still independent and should be re-elected. In this regard, the re-appointment of each of Mr. Ko and Mr. Lu as Independent Non-executive Director of the Company were approved by shareholders in separate resolution at the annual general meeting of the Company held on 10 June 2025 and 7 June 2024, respectively. While serving more than nine years could be relevant to the determination of independence, it is well recognized that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence of Independent Non-executive Directors, the Board and the Nomination Committee will consider individual directors' character and judgement as demonstrated by their commitment and contribution to the Board during their years of service and other relevant factors. The Board is of the view that Mr. Ko and Mr. Lu, despite their length of service, have always expressed their views independently, objectively and impartially, constructively challenging the views of the other directors and testing the arguments whenever necessary. Their length of service also means they have in-depth knowledge of the Company and the challenges that it faces which assisted greatly with the determination of long term goals and strategies. The Board is satisfied that Mr. Ko and Mr. Lu remain independent despite their years of service and that they will continue to effectively contribute as board members.

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

In addition to the above, in order to further ensure independence of the Board, the following Directors who hold senior positions in Syngenta Group, the indirect controlling shareholders of the Company during the reporting period, had abstained from voting in the board resolutions in respect of the transactions of the Group with Syngenta Group and its subsidiaries, if any, during the year ended 31 December 2025;

- Mr. Su Fu
- Mr. Wang Tielin

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

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

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

Responsibilities of Chairman and Chief Executive Officer

To avoid concentration of power in one person, the Chairman and the Chief Executive Officer are held by two individuals. The Chairman is primarily responsible for leading the Board, ensuring that the Board operates effectively, providing all directors with sufficient, complete and reliable information in a timely manner, establishing good corporate governance practices and procedures, and ensuring that appropriate measures are taken to maintain effective communication with shareholders. On the other hand, the Chief Executive Officer is primarily responsible for the daily operations and overall management of the Group, implementing the business policies and objectives determined and adopted by the Board, and reporting the overall operating situation of the Group to the Board. During the year ended 31 December 2025, Mr. Su Fu, as the Chairman of the Board during his term of office, took the responsibility to lead and ensure the effective management of the Board; while Mr. Wang Tielin, as the Chief Executive Officer, took the responsibility for the effective implementation of the policies formulated by the Board and the management of the businesses and operations of the Group.

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

Major duties of the Board

The Board is primarily responsible for the following matters:

1. to formulate the purpose, values and strategy of the Company and to align the Company's culture with such purpose, values and strategy;
2. to review the financial performance and results of the Group;
3. to review the dividend policy of the Company;
4. to approve and monitor material acquisitions, investment, asset transactions and any other significant expenditures of the Group; and
5. to supervise internal risk management policy of the Group.

The Board is also responsible for overseeing the preparation of the annual consolidated financial statements which ensures a true and fair view of the state of affairs and of the results and cash flows of the Group for the year. In preparing the consolidated financial statements for the year ended 31 December 2025, the Board has:

1. approved the adoption of the applicable Hong Kong Financial Reporting Standards;
2. selected suitable accounting policies and applied them consistently throughout the year covered by the consolidated financial statements;
3. made judgements and estimates that are prudent and reasonable, and ensured the consolidated financial statements are prepared on a going concern basis; and
4. ensured that the consolidated financial statements are prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the Listing Rules and the applicable accounting standards.

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

Continuous professional development

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

During the year and subsequent to 31 December 2025, in respect of the appointments of Ms. ZHANG Guangyan as a Non-executive Director of the Company and Mr. ZHANG Xuegong as an Executive Director of the Company, the Company has arranged for each of these newly appointed directors to obtain legal advice from a law firm qualified to advise on Hong Kong law on 12 August 2025 and 10 February 2026 respectively, regarding the requirements under the Listing Rules that are applicable to them as a Director, including directors' responsibilities and obligations, and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Each of these newly appointed directors had confirmed that he/she understands his/her obligations as a Director.

In addition, during the year ended 31 December 2025, the Company arranged seminars, which were conducted by professionals and finance expert, on continuous obligations of directors, regulatory updates, ESG regulatory trends and disclosure requirements, and domestic and global finance updates. All the then Directors have attended the seminars. Furthermore, the Directors confirmed that they participated in continuous professional development to develop and refresh their knowledge and skills, which ensure that their contributions to the Board remain informed and relevant. The Company also provided regular updates to all Directors in respect of the business and operations of the Group through monthly reports, and provided newsletters on changes in regulatory requirements through emails.

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

	Type of training	
	Reading regulatory updates	Attend forums / seminars / briefings
Executive Directors		
Mr. Wang Tielin (<i>Chief Executive Officer</i>)	✓	✓
Ms. Chen Shengnan	✓	✓
Ms. Wang Ling	✓	✓
Non-executive Directors		
Mr. Su Fu (<i>Chairman</i>) ^(note 1)	✓	✓
Ms. Zhang Guangyan ^(note 2)	✓	✓
Independent Non-executive Directors		
Mr. Ko Ming Tung, Edward	✓	✓
Mr. Lu Xin	✓	✓
Mr. Sun Po Yuen	✓	✓

Notes:

1. Mr. Su Fu resigned as a Director of the Company on 13 February 2026.
2. Ms. Zhang Guangyan was appointed as a Director of the Company on 25 August 2025.

Board meetings

For the year ended 31 December 2025, the Board held 6 meetings to discuss and approve the Group's strategies and planning, operational budgets, the Company's annual report, interim report, dividend proposals, certain connected transactions and continuing connected transactions, and other significant matters. The Board had also approved certain proposals in respect of changes in directorships and company secretary, connected transactions, continuing connected transactions, disclosable transactions and other matters, by circulation of written resolutions during the year. The attendance rates of the members of the Board at the aforesaid Board meetings during the year ended 31 December 2025 are as follows:

Attendance rate**Executive Directors**

Mr. Wang Tielin (<i>Chief Executive Officer</i>)	6/6
Ms. Chen Shengnan	6/6
Ms. Wang Ling	6/6

Non-executive Directors

Mr. Su Fu (<i>Chairman</i>) ^(note 1)	6/6
Ms. Zhang Guangyan ^(note 2)	4/4

Independent Non-executive Directors

Mr. Ko Ming Tung, Edward	6/6
Mr. Lu Xin	6/6
Mr. Sun Po Yuen	6/6

Notes:

1. Mr. Su Fu resigned as a Director on 13 February 2026.
2. Ms. Zhang Guangyan was appointed as a Director on 25 August 2025.

COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee

The Audit Committee was established by the Board in 1999 with its written terms of reference. The Audit Committee currently comprises three Independent Non-executive Directors and one Non-executive Director of the Company. The Chairman of the Audit Committee is Mr. Sun Po Yuen, and the other members are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Ms. Zhang Guangyan.

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

The Audit Committee held 4 meetings during the year ended 31 December 2025. The Chief Financial Officer of the Company and the external auditors also attended the meetings. The Audit Committee had also approved the re-appointment of auditors by circulation of written resolutions during the year. The attendance rates of each of the committee members at the aforesaid meetings during the year ended 31 December 2025 are as follows:

	Attendance rate
Independent Non-executive Directors	
Mr. Sun Po Yuen (<i>Chairman</i>)	4/4
Mr. Ko Ming Tung, Edward	4/4
Mr. Lu Xin	4/4
Non-executive Director	
Ms. Zhang Guangyan (<i>note 1</i>)	1/1

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

1. reviewed and commented on the Company's annual and interim reports (including the consolidated financial statements contained therein), and result announcements, and recommended the same for the Board's approval;
2. reviewed and discussed significant issues identified in the preparation of the consolidated financial statements, including those related to accounting records, financial reports and internal control systems;

Note:

1. Ms. Zhang Guangyan was appointed as a member of the Audit Committee on 25 August 2025.

3. reviewed the independence of the external auditors, considered and made recommendation to the Board on the re-appointment of external auditors and the corresponding audit fee for the year ended 31 December 2025, and reviewed and approved the general policies in respect of non-assurance services provided by external auditors;
4. discussed the audit plan, scope and responsibility before the commencement of work with the external auditors;
5. reviewed and evaluated annually the effectiveness of the Company's corporate governance practices and the Group's financial controls (including the adequacy of resources, staff's qualifications and experience in the Group's accounting and financial reporting functions), internal controls and risk management systems, procedures and arrangements to enable employees to raise concerns about possible improprieties in financial reporting, internal controls or other matters, based on the documents submitted and presented by the Finance Department, Risk Management personnel, the Department of Discipline Inspection and the Department of Internal Audit in the meetings of the Audit Committee, and made sufficient communications with the management on related matters. The results of such review were satisfactory;
6. discussed the Group's internal audit plan and the related work with the Department of Internal Audit and was satisfied with their report and findings;
7. discussed the Group's risk management plan and the related work with the Risk Management personnel and was satisfied with their report and findings;
8. met with the external auditors without the management's participation, constructive comments have been received and no negative feedback were noted;
9. reviewed the reports from the external auditor regarding the review of the continuing connected transactions conducted by the Group and was satisfied with their report and findings; and
10. reviewed the existing terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee of the Company was established by the Board in August 2005 with its written terms of reference. The Remuneration Committee currently comprises three Independent Non-executive Directors. The Chairman of the Remuneration Committee is Mr. Lu Xin, and the other members are Mr. Ko Ming Tung, Edward and Mr. Sun Po Yuen.

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

The Remuneration Committee met twice during the year ended 31 December 2025. The Remuneration Committee had also approved or passed a few proposals by circulation of written resolutions during the year, and had reported the relevant proposals to the Board for review or approval, where applicable, in subsequent communications to the Board. The attendance rates of each of the committee members at the aforesaid meetings during the year ended 31 December 2025 are as follows:

Attendance rate

Independent Non-executive Directors

Mr. Lu Xin (<i>Chairman</i>)	2/2
Mr. Ko Ming Tung, Edward	2/2
Mr. Sun Po Yuen	2/2

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

1. evaluated the performance of Executive Directors and senior management and approved the proposals on performance bonus and appraisal award for Executive Directors and senior management for the year 2024, mainly based on their achievements in various performance and/or strategic targets established in the year before;
2. reviewed the remuneration package (including cash compensation and bonus scheme) and other major benefits of Executive Directors and senior management for the year 2025;
3. approved the remuneration package and other major benefits of newly appointed Non-executive Director and senior management;
4. approved the appointment of remuneration consultant; and
5. reviewed the existing terms of reference of the Remuneration Committee.

Remuneration policy of the Group

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

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

The Group reviews its remuneration policy annually and engages professional consultant, if necessary, to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 31 December 2025, the Group had about 4,407 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 2025, the Group provided around 14,813 person-times or 119,781 hours of training (any training organized by the subsidiaries has not been included in these numbers) to employees. The training courses covered areas such as strategy implementation, leadership enhancement, marketing management, safe production, compliance risks, general working skills and practical cases. These training programmes will further improve the management skills and professional standards of the management of the Group and enhance the overall quality of the employees to cater to the Group's rapid developments, and improve the competitiveness of the Group.

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

Nomination Committee

The Nomination Committee of the Company was established by the Board in August 2005 with its written terms of reference. The Nomination Committee currently comprises three Independent Non-executive Directors and one Executive Director. The Chairman of the Nomination Committee is Mr. Ko Ming Tung, Edward and the other members are Ms. Wang Ling, Mr. Lu Xin and Mr. Sun Po Yuen. Ms. Wang Ling, the Executive Director of the Company was appointed as a member of the Nomination Committee on 24 June 2025.

The terms of reference of the Nomination Committee, which have been revised in accordance with the then applicable Corporate Governance Code, are available on the Company's website. The current terms of reference of the Nomination Committee are summarized in the following aspects, including but not limited to (1) formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy; (2) determining the criteria to select and recommend candidates for directorship; (3) reviewing the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (4) identifying individuals suitably qualified to become Board members for Board's consideration on the selection of individuals nominated for directorships; (5) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive; and (6) assessing the time commitment of each Director and their contribution to the Board.

The Nomination Committee met twice during the year ended 31 December 2025. The Nomination Committee had also approved or passed a few proposals by circulation of written resolutions during the year, and had reported the relevant proposals to the Board for review or approval, where applicable, in subsequent communications to the Board. The attendance rates of each of the committee members at the aforesaid meetings during the year are as follows:

	Attendance rate
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward (<i>Chairman</i>)	2/2
Mr. Lu Xin	2/2
Mr. Sun Po Yuen	2/2
Executive Director	
Ms. Wang Ling ^(note 1)	1/1

Note:

- Ms. Wang Ling was appointed as a member of Nomination Committee on 24 June 2025.

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

1. reviewed the proposal in respect of the appointment of Ms. Zhang Guangyan as a Director, and after making reference to the selection criteria including reputation for integrity, accomplishment and experience in the relevant business sector, professional and educational background, and potential time commitment for the Board and the Company, the Nomination Committee approved and submitted the nomination recommendations to the Board;
2. reviewed the structure, size and composition, including board diversity, of the Board;
3. reviewed the terms of appointment of Directors and no recommendations to the Board are required;
4. nominated the Directors to be retired by rotation to the Board and made recommendation for their re-election in the forthcoming annual general meeting;
5. reviewed the independence of the Independent Non-executive Directors and made recommendations to the Board on their independence; and
6. reviewed the existing terms of reference of the Nomination Committee.

Policy in respect of nomination of directors of the Company

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

Bye-law 85 provides that no person, other than a Director retiring at the meeting, shall be eligible for election as a Director at any general meeting unless:

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

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

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

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

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

1. reputation for integrity, accomplishment and experience in the relevant business sector;
2. professional and educational background;
3. potential time commitment for the Board and/or committee responsibilities; and
4. objective criteria with due regard for the benefits of diversity on the Board.

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

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

Board diversity policy of the Company

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

CORPORATE GOVERNANCE REPORT

The Nomination Committee had reviewed the Board composition of the Company as at 31 December 2025 and considered that the then existing Board's composition is diversified in terms of age, gender, years of service, position, skills and knowledge. The current female director to male director ratio of the Board of 3:5 satisfied the gender diversity target of the Company, which is a minimum of one female director, set out in 2022. To continue promoting gender diversity, the Group offered all rounded trainings to both male and female employees who are considered as having suitable experience, skills and knowledge of the Group's operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. The Board considered that such strategy will offer chances for the Board to identify capable employees to be nominated as a member of the Board in future with an aim to providing the Board with pipeline of both male and female candidates to achieve gender diversity in the Board in the long run. For the year ended 31 December 2025, the Group has total headcount of 4,407 employees (including senior management), of which 3,567 employees are male and 840 employees are female. The Board considered that such gender ratio of employees is appropriate to the operations of the Group.

The table below shows the headcount analysis on the diversity of the Board members as at 31 December 2025:

Age	Years of Service as Board members			Total
	Less than 5 years	6 to 10 years	Over 10 years	
Age 41-50	1	–	–	1
Age 51-60	4	–	–	4
Age 61-70	1	–	2	3
Total	6	–	2	8

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

Corporate Governance Committee

The Corporate Governance Committee of the Company was established by the Board in March 2012 with its written terms of reference. The Corporate Governance Committee currently comprises three members. The Chairman of the Corporate Governance Committee is Mr. Wang Tielin, Executive Director and Chief Executive Officer of the Company, and the other members are Ms. Chen Shengnan and Ms. Wang Ling, both Executive Directors of the Company. Ms. Cheung Kar Mun, Cindy, the Company secretary of the Company ceased to be a member of the Corporate Governance Committee upon her resignation as the Company Secretary of the Company on 24 November 2025.

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

The Corporate Governance Committee met once during the year ended 31 December 2025. The attendance rates of each of the committee members at the aforesaid meeting are as follows:

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

Note:

- Ms. Cheung Kar Mun, Cindy resigned as the Company Secretary of the Company on 24 November 2025 and accordingly ceased to be a member of the Corporate Governance Committee.

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

1. reviewed the Company's policies and practices on corporate governance and made recommendations to the Board regarding the improvement of governance on Environmental, Social and Governance ("ESG") aspects of the Group;
2. reviewed and monitored the training and continuous professional development of Directors and senior management, and the review results were satisfactory;
3. monitored the Company's corporate governance practices and ensured compliance with the Corporate Governance Code and the Listing Rules;
4. reviewed and monitored the code of conduct applicable to Directors and employees, and the review results were satisfactory;
5. reviewed the Company's compliance with the Corporate Governance Code and the disclosures in the Corporate Governance Report;
6. reviewed the following aspects in respect of INEDs during the relevant year: (a) the recruitment process of INEDs; (b) the number of INEDs and their time contribution; (c) assessed and evaluated INEDs' contribution; and (d) the channels where independent views were available. The Corporate Governance Committee was satisfied with the result of the review and confirmed that such review will be performed on an annual basis;
7. monitored the Company's process in the preparation of the Environmental, Social and Governance Report ("ESG Report") and reviewed the related disclosures. The Corporate Governance Committee was satisfied with the process and noted in the independent assurance statement that the disclosure for general disclosures and key performance indicators of environmental and social subject areas in the ESG Report for the year ended 31 December 2024 have been provided in accordance with the "Comply or Explain" provision, in all material aspects, in alignment with the ESG Reporting Guide of the Stock Exchange; and
8. reviewed the existing terms of reference of the Corporate Governance Committee.

Strategy Committee

The Strategy Committee of the Company was established by the Board on 24 January 2024 with its written terms of reference. The Strategy Committee currently comprises five members. The Chairman of the Strategy Committee is Mr. Zhang Xuegong and the other members are Mr. Wang Tielin, Ms. Chen Shengnan, Ms. Wang Ling (four of them are Executive Directors) and Mr. Lu Xin (Independent Non-executive Director). Mr. Su Fu (Non-executive Director) ceased to be the Chairman of the Strategy Committee upon his resignation as Director on 13 February 2026.

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

The Strategy Committee met once during the year ended 31 December 2025. In the meeting, the Strategy Committee reviewed the "15th Five-Year Plan" Strategic Planning, and collected members' views and ideas on the Group's future strategies. The attendance rates of each of the committee members at the aforesaid meeting are as follows:

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

COMMUNICATION WITH SHAREHOLDERS

Shareholders communication policy

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

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

- For questions about shareholdings, contact the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- For information about the Company to the extent that is publicly available, visit the Company’s website at www.sinofert.com or contact the principal place of business of the Company at Unit 4705, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.
- For any other questions about the Company, contact the Company’s investor relations at ir_sinofert@sinochem.com, or attend general meetings of the Company, where Chairmen of Board committees or delegates, appropriate management executives and external auditors will attend to answer shareholders’ questions.

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

Dividend policy

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

General meetings

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

2025 AGM of the Company was held on 10 June 2025, in which Mr. Ko Ming Tung, Edward, the Independent Non-executive Director of the Company, chaired the meeting on behalf of the Board. In addition, the external auditors of the Company and respective chairmen or representatives of the audit, remuneration, nomination and corporate governance committees of the Company attended the 2025 AGM and were available to answer relevant questions. The attendance rates of each of the Directors at the 2025 AGM are as follows:

	Attendance rate
Executive Directors	
Mr. Wang Tielin (<i>Chief Executive Officer</i>)	0/1
Ms. Chen Shengnan	1/1
Ms. Wang Ling	1/1
Non-executive Directors	
Mr. Su Fu (<i>Chairman</i>)	0/1
Ms. Zhang Guangyan (<i>Note 1</i>)	0/0
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward	1/1
Mr. Lu Xin	1/1
Mr. Sun Po Yuen	1/1

Note:

- Ms. Zhang Guangyan was appointed as the Director of the Company on 25 August 2025. The 2025 AGM was held prior to Ms. Zhang Guangyan's appointment.

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

	Attendance rate
Executive Directors	
Mr. Wang Tielin (<i>Chief Executive Officer</i>)	0/1
Ms. Chen Shengnan	1/1
Ms. Wang Ling	1/1
Non-executive Directors	
Mr. Su Fu (<i>Chairman</i>)	0/1
Ms. Zhang Guangyan	0/0
Independent Non-executive Directors	
Mr. Ko Ming Tung, Edward	1/1
Mr. Lu Xin	1/1
Mr. Sun Po Yuen	1/1

Shareholders' rights

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

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

Constitutional documents

The constitutional documents of the Company, including the memorandum of association and Bye-laws of the Company, are available for review by shareholders from the Company's website. During the year, there were no material changes to the constitutional documents of the Company.

EXTERNAL AUDITOR

The Group's external auditor for the year is KPMG. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditors. During the year, the Audit Committee has considered and approved the re-appointment of KPMG as auditor of the Group for the year ended 31 December 2025, and the corresponding audit fees estimation, and also approved the general policies in respect of non-assurance services provided by external auditors.

The fees paid or payable by the Group to the external auditors in respect of audit and other non-audit services for the year ended 31 December 2025 were as follows:

Nature of services	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Audit service (including audit of financial statements and other audit related projects)	3,768	3,770
Tax related service	521	336
Total	4,289	4,106

FINANCIAL MANAGEMENT

The Group's financial management is guided by the strategy of "One Foundation, Two Major Levers, Three Capabilities, and N+ Project Work Mechanism (一個基礎、二大抓手、三項能力、N+項目工作機制)". We aim to build a professional, integrated, innovative and excellent financial management system, comprehensively enhance the value creation capability of finance, and thus support the Company's high-quality development.

In terms of team building, we effectively focus on the Company's strategy, carry out financial management along professional lines, establish a financial and tax professional platform to share new financial management regulations, carry out centralized financial training to empower grassroots financial personnel, implement multi-level staff rotation, stimulate employees' po-tential and work enthusiasm, and enhance the team's ability with multiple measures and externally introduce outstanding young backbone talents to inject fresh blood into the team, committed to building a professional, precise and highly efficient financial talent pool that meets the requirements of the new strategic development.

In terms of accounting, we strengthen the timeliness and accuracy of basic financial information, complete the accounting and auditing with high quality, and prepare the consolidated financial statements. The Group continues to promote the digital transformation of finance, deepen the integrated application of the business travel platform and the reimbursement system, advance the functional upgrade of the integrated financial platform, and achieve online budget control, fund settlement, and receipt archiving. We optimize the function of the supply chain system, promote the application of financial intelligent robots, and enhance the level of financial automation and internal control management. At the same time, in accordance with the requirements of the capital market, we provide relevant information to the designated information disclosure platform and welcome supervision and inspection from regulators.

In terms of comprehensive budget management and financial performance analysis, we continue to improve the comprehensive budget management system to ensure that the annual budget is reasonably formulated and pay attention to the breakdown of the budget and the implementation of responsibilities. Guided by goals, we focus on investment returns and guide the optimal allocation of financial resources. We strengthen financial performance analysis, track and monitor the Company's budget implementation on a periodic basis, timely identify issues in operations and propose suggestions for improvement, and promote the achievement of budget goals and the implementation of strategies. We also utilize management tools, including the 369 rolling forecast, risk and opportunity analysis, to strengthen process monitoring, and provide support and advice for operational decisions. Moreover, we improve the evaluation and assessment system, evaluate financial performance in a scientific and reasonable manner, to guide the high-quality development of the Company, thus to continuously leverage the guiding and monitoring role of comprehensive budget management and financial performance analysis.

In 2025, global monetary policy continues its easing trend but with more pronounced divergence. Amid a complex economic and political environment, the Federal Reserve shifted its monetary policy from curbing inflation to stabilizing growth, cutting interest rates three times during the year, for a cumulative reduction of 75 basis points. The European Central Bank cut interest rates four times in a row, lowering the deposit facility rate to 2.00%. The Bank of Japan continued its monetary policy normalization process and raised the policy interest rate to 0.75%, the highest level in 30 years. China implemented a moderately loose monetary policy and launched measures in May to cut the reserve requirement ratio by 0.5 percentage points and the interest rate by 0.1 percentage point. The Group continued to deepen the synergy of capital management and optimize the efficiency of capital allocation through the linkage of its domestic and overseas platforms, ensuring the liquidity safety of each unit. During the year, leveraging the central bank's rate cut cycle, we reduced the financing cost of Sinochem Fuling's working capital loan by 55 basis points. Through cross-border cash pooling allocation and coordination of domestic and overseas funds, we enhanced the efficiency of integrated capital operations. The Group thoroughly deepened its ESG practices, as evidenced by further breakthroughs in green finance, with newly added green deposit certifications from the Bank of Tokyo-Mitsubishi and Bank of Communications Macau Branch, achieving a balanced and win-win situation between social responsibility and economic interests.

In 2025, the global financial market experienced severe volatility amid significant policy changes and geopolitical tensions, with asset performance highly divergent. Affected by the Federal Reserve's interest rate cuts and disputes over decision-making independence, the US dollar remained relatively weak throughout the year. The RMB exchange rate against the US dollar showed a trend of first falling and then rising, depreciating to 7.35 in early April due to the impact of "reciprocal tariffs", but began a corrective upward trend from May, breaking through the 7.0 threshold to around 6.98 by the end of the year, fluctuating within the 6.98-7.35 range for the year. Based on our import-oriented business model, the Group proactively planned for foreign exchange exposure tracking and management, adopting a "natural hedging priority, with spot + forward foreign exchange settlement and sale as the main method" approach to mitigate the impact of exchange rate fluctuations on the Group. During periods of RMB appreciation, we made spot foreign exchange purchases on demand according to the business import pace; during phases of RMB weakness, we appropriately used forward foreign exchange purchases to hedge medium and long-term risks from exchange rate fluctuations. The opposite strategy was adopted for exports, settling foreign exchange in a timely manner to lock in gains when the US dollar was strong.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board understands that, in accordance with code provision D.2 of the Corporate Governance Code, the Board should ensure that the Group's internal control and risk management system is robust and appropriate, and continuously monitor and review its operation effectiveness in order to safeguard shareholders' interests and the Group's assets. The Group continues to fully implement the requirements of the SASAC regarding the construction and supervision of the internal control system of state-owned enterprises: effectively fulfilling the Board's supervisory responsibilities over the entire chain of internal control, and enhancing the quality of state-owned listed companies. We strengthen organizational leadership, endeavor to establish an internal control system that meets the needs of penetrating supervision, and strengthen multi-faceted supervision. We strengthen the audit and inspection of our subsidiaries. The Group's internal control and risk management system also underwent annual review and evaluation, covering all aspects. Taking into account the respective characteristics of the branches and subsidiaries, we conduct evaluations and provide feedback on all important control aspects, including financial monitoring, operation monitoring, compliance monitoring, and risk management functions, and regularly review and monitor the procedures for the proper functioning of the internal control system, so as to ensure the effective operation of the internal control system.

Internal Control

The Group continued to promote the "Optimization and Enhancement Project on Internal Control System". This project entered the consolidation phase this year. The Company continued to supervise each subsidiary to thoroughly review the deficiencies of the internal control system and improve the corporate governance quality of each entity. We fully completed the addition and revision of system processes and the manuals on rights and responsibilities, and continuously strengthened the establishment of the internal control system. The headquarters improved and published important business rules and regulations regarding production and operations, pro-curement management, and audit management. As of 31 December 2025, a total of 124 systems were published, and the 2025 version of the manual on rights and responsibilities with 98 total working authorities was published, achieving complete basic systems and rights and responsibilities systems. The Group is responsible for the sound establishment and effective implementation of internal controls, and the management level is responsible for organizing and leading the implementation and operation of the Group's internal controls. The Financial Management Department, the Department of Audit and other departments of the Group are responsible for the implementation of internal control construction and evaluation, carrying out work such as "promoting construction through evaluation" and "strengthening supervision", so as to ensure the steady development of the Group.

Risk Management

The Group adopts a risk management model for which the general manager is responsible under the leadership of the Board. An annual assessment of the risks associated with the Group will be performed. In 2025, the leadership role of the Party Committee in decision-making on major risk management was further strengthened, thereby forming an organization and protection system for risk management consisting of decision-makers, risk management department, responsible departments (including business units) for the management on major risks, and auditing and supervision functions.

In 2025, faced with the global economic slowdown, challenges such as turbulent trade environments and volatile financial markets, as well as rising raw material prices, port price fluctuations and frequent extreme weather events, the Group faced numerous operational difficulties. The cost of fertilizer varieties increased, and operational pressures grew. The Group focused on its primary responsibilities and core businesses, with the “Bio+” strategy as its guidance and technological innovation as its driver, kept up with the new requirements of the Company’s strategies and business development, and continued to strengthen risk management, enhance monitoring of indicators on major control risks, and reinforce monthly comprehensive disclosure of significant risk events. In addition to strengthening on-site audits on financial risks, we also proactively utilized new means of daily management such as online reporting and network supervision. At the same time, we continued to adopt various forms to further enhance the promotion of risk culture among all staff, continued to carry out “Risk Lecture Hall” activities where middle and back office leaders discussed risks, strengthened the awareness of the primary responsibility of operating units for risks, and created a risk control environment of “sound operation and healthy development”. During the year, special attention was paid to trade compliance risks, establishing a multi-round screening mechanism, strengthening risk management measures and penalties. We also paid particular attention to monitoring the effectiveness of the risk management and internal control system for lending transactions. During the year, the Group strengthened the assessment of risk indicators, further guiding all units to standardize and improve risk management-related work, and promoting the Company’s lawful and compliant operations.

In the fourth quarter of 2025, in line with the requirements of external supervision by the SASAC and other authorities and the Group’s own risk management requirements, we continued to carry out new annual risk identification, assessment and response, strengthened the management and control of key businesses, key processes and new risk points, and developed quantitative indicators and other measures to further strengthen the management and control of major risks.

In 2025, we continued to enhance the allocation and utilization efficiency of credit and inventory resources, carried out differentiated monitoring and evaluation over companies with overdue receivables, aged inventories, and the scale of receivables and inventories, and promoted the improvement of operation quality.

In order to ensure the effectiveness of the implementation of the risk management system, the Group continued to perform the internal inspection and evaluation functions of risk management. In 2025, The Company conducted more than 10 on-site inspections of its branches and subsidiaries. Through headquarters inspection, cross inspection and special inspection, we increased our efforts in on-site inspections of the companies under us, understood the risk management profile of the business units, followed up on the rectification of problems found, thereby enhancing the quality and efficiency of internal supervision to ensure operational safety.

COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

Directors have access to the services of the company secretary to ensure that the board procedures are followed. The current company secretary of the Company is Ms. Lai Ying Tung. Ms. Lai Ying Tung has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Lai is currently a manager of corporate services of Vistra Corporate Services (HK) Limited. She has ten years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies. In compliance with Rule 3.29 of the Listing Rules, Ms. Lai Ying Tung has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge during the Reporting Period. Ms. Wang Ling is the Executive Director of the Company, who acts as the main contact person of Ms. Lai Ying Tung and the internal departments of the Company.

INVESTOR RELATIONS AND INFORMATION DISCLOSURE

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

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

In 2025, investor relations activities of the Group mainly include:

1. In March 2025, the Group announced its 2024 annual results and held a result presentation conference for analysts and the media.
2. In July 2025, the Group conducted roadshow activities in Changchun, Jilin Province, celebrating the 20th anniversary of its listing, and conducted exchange sessions with analysts and investors.
3. In August 2025, the Group announced its 2025 interim results and held a result presentation conference for analysts and the media.
4. During 2025, the Group participated in events, such as strategy meetings of well-known securities firms in the industry to increase its exposure in the capital market.

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

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

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

HEALTH, SAFETY AND ENVIRONMENT

The Group is committed to promoting health, safety and environment and sustainable development, building core competitiveness in HSE, adhering to the HSE policy of “life first, environment priority”, loss control and continuous improvement of the HSE policy, and working with the goal of “zero loss” in order to responsibly manage all business activities to achieve excellent HSE performance.

In 2025, the Group strengthened its fundamentals by focusing on the construction of the FORUS system^(Note1) and the investigation and management of risks and potential hazards, launched the “Golden Rules”, the “Safety Assessment”, and the “Star Factories”, and organized the implementation of the “Make a Little Progress Every Day and Daily Safety Lesson”, which was a good practice to integrate the system construction into the industrial production and operation activities and to form a permanent enhancement mechanism. Taking fundamental rectification special action as the main line, the Group focused on on-site improvements, elimination of frequent operations, special rectification for contractors, enhancement of process safety management and other special tasks. The Group addressed its shortcomings, strengthened the weaknesses to improve intrinsic safety, and concentrated resources to promote the improvement of weak enterprises, and prevented and controlled the risks in key areas.

The Group invested RMB101.58 million in HSE in 2025, of which RMB28.04 million by Sinochem Fuling, RMB25.19 million by Sinochem Yunlong, RMB26.38 million by Sinochem Changshan, RMB10.65 million by Shandong Fertilizer and RMB8.22 million by Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd (“Sinochem Ecological”).

The Group insists on being people-oriented, prioritizing environmental protection and focusing on prevention and comprehensive management. As climate change becomes more serious, the Group is well-aware of its responsibility to protect the environment. By strictly abiding by the Environmental Protection Law of the People’s Republic of China, the Air Pollution Prevention and Control Law of the People’s Republic of China, the Water Pollution Prevention and Control Law of the People’s Republic of China as well as the Environmental Impact Assessment Law of the People’s Republic of China, the Group deepened the fight against pollution, launched specialized work including the special assessment of the environmental risks, and implemented pollution prevention and control of water, air, soil and hazardous and solid waste. The Group used advanced technologies and equipment to reinforce the operation of environmentally friendly facilities, continuously reduce emissions, reduce the impacts on the environment, and promote harmonious coexistence with environmental protection. The Group formulated emergency plans for sudden environmental pollution incidents, equipped themselves with necessary emergency materials and seriously performed emergency response exercises. In 2025, no material environmental pollution incident was identified.

Note:

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

In 2024, the emissions of SO₂, NOX, COD and NH₃-N were 334 tons, 197 tons, 34.02 tons and 4.25 tons, respectively. The sulphuric acid production facility of Sinochem Fuling for 800,000 tons/year was equipped with a HRS low-temperature heat recovery system to enhance the heat utilization rate. Shandong Fertilizer has implemented a molten condensate water recovery process change to recover condensate water, maximizing the utilization of residual heat. The photovoltaic project of Sinochem Ecological has been put into operation, which effectively reduced carbon emissions and created economic benefits.

Environmental, Social and Governance Report

The Company published its 2025 Environmental, Social and Governance Report simultaneously with this annual report in compliance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Listing Rules. The content of the report conforms to the requirements of the Stock Exchange and discloses the environmental, social and governance performance of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

Focusing on key products, on one hand, the Group strengthened the building of strategic procurement capacity and management of core suppliers, stabilized the international and domestic supply system, built a diversified supply channel, held exclusive distribution rights in China for multiple internationally renowned potash, compound fertilizer, and specialty fertilizer enterprises, played a pivotal role in ensuring supply and balanced product varieties of domestically scarce fertilizer resources; on the other hand, the Group explored key markets and maintained close cooperation with core customers, stabilized the industrial and supply chains by integrated cooperation of upstream and downstream operations, formed a strong linkage between upstream and downstream operations and became an important player in the supply chain of fertilizer.

In 2025, the aggregate revenue generated from the five major customers of the Group accounted for no more than 20% of the Group's total revenue. Over the years, the Group maintained a stable supply and sales relationship with Shandong Liaocheng Luxi Chemical Fifth Fertilizer Co., Ltd., one of the major customers of the Group.

In 2025, the aggregate purchase from the Group's five major suppliers accounted for no more than 30% of the Group's total purchases. As the most important domestic potash supplier for the Group, Qinghai Salt Lake Industry Co., Ltd. ("Qinghai Salt Lake") maintained a long-term business relationship with the Group and supplied potash products to the Group by means of payment upon delivery or payment in advance.

Moreover, the Group always exercised stringent risk control throughout the entire cooperation process with customers and suppliers to ensure robust cooperation. The Group tightened the access threshold for customers and suppliers. Its customer relationship management (CRM) system has carried out categorized access management on customers by linking to external credit information enquiry platforms, and the Group conducted background checks on suppliers through public consultations and field visits. When carrying out credit sales to customers and advance payment to suppliers, the Group followed strict approval procedures, closely kept track of the operating condition of the major customers and suppliers, and credit insurance is taken out for each of them. The Group developed a mini program for customer reconciliation to reconstruct the customer reconciliation process with digital tools, while achieving real-time monitoring and minimizing risks from human interference. The Group has carried out regular supplier reconciliation and effectively controlled the risk from inventory procurement. The Group established an evaluation system on customers and suppliers and conducted annual quantitative evaluation, assessment and classification on its customers and suppliers, so as to continuously optimize its customer and supplier profile. In 2025, the Group maintained sound cooperations with its major customers and suppliers.

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group strictly complied with the requirements of national laws, regulations and policies, as well as the relevant regulations of the Stock Exchange, including the Listing Rules. In 2025, stringent regulation continued to be implemented on environmental protection, energy management and production safety in China, and the Group strictly abided by the relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Energy Conservation, the Law of the People's Republic of China on Production Safety, the Cleaner Production Promotion Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Air Pollution Prevention and Control Law of the People's Republic of China, and the Soil Pollution Prevention and Control Law of the People's Republic of China. The Group adhered to a people-oriented policy of environmental priority, prevention in advance and comprehensive management, the core vision of industry value. It organized production and operation activities in accordance with the relevant national laws and regulations relating to environmental protection, energy conservation, cleaner production, production safety as well as water and soil conservation. Through active fulfillment of environmental protection responsibility and implementation of supervision and management of environmental protection facilities, the Group strived to prevent environment related incidents. By leveraging measures such as internal control and risk and HSE management, the Company effectively safeguarded its lawful and compliance operation as well as the achievement of its operation objectives and strategic transformation and upgrading.

The Board of Directors hereby presents the Directors' Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding.

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 116 to 117 of the annual report.

The Board recommended the payment of a final dividend of HK\$0.0693 (equivalent to RMB0.0627) per share for the year ended 31 December 2025 (2024: HK\$0.0571, equivalent to RMB0.0529) to the shareholders, estimated to be HK\$486,795,000 (equivalent to approximately RMB440,501,000) out of retained earnings of the Company. It is expected that the relevant dividend will be paid on 24 July 2026 to those entitled, subject to shareholders' approval at the forthcoming annual general meeting.

FINANCIAL SUMMARY

A summary of the operating results and of the assets and liabilities of the Group for the last five financial years is set out on page 216 of the annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2025, the aggregate turnover from the Group's five largest customers was less than 20% of the Group's total turnover for the year; and the aggregate purchases from the Group's five largest suppliers represented less than 30% of the Group's total purchases for the year.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in share capital of the Company for the year are set out in note 34 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity from pages 121 to 122 of the annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company's reserves available for distribution to shareholders, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to approximately RMB588,325,000 (2024: RMB805,683,000). The amount represented the credit standing in the retained earnings of the Company as at 31 December 2025.

DONATIONS

During the year ended 31 December 2025, the Group had made approximately RMB326,000 charitable donations in cash and made donations of other items worth approximately RMB213,100.

DIRECTORS

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

Executive Directors

Mr. Zhang Xuegong (*Chairman*) (appointed on 13 February 2026)

Mr. Wang Tielin (*Chief Executive Officer*)

Ms. Chen Shengnan

Ms. Wang Ling

Non-Executive Directors

Mr. Su Fu (*Former Chairman*) (resigned on 13 February 2026)

Ms. Zhang Guangyan (appointed on 25 August 2025)

Independent Non-Executive Directors

Mr. Ko Ming Tung, Edward

Mr. Lu Xin

Mr. Sun Po Yuen

In accordance with the Bye-laws, Mr. Lu Xin and Mr. Sun Po Yuen will retire at the forthcoming annual general meeting of the Company and being eligible, will offer themselves for re-election. In addition, newly appointed directors, Mr. Zhang Xuegong and Ms. Zhang Guangyan, shall hold office until the forthcoming annual general meeting in accordance with the Bye-laws, and shall be eligible for re-election.

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

Details regarding the re-election of Directors will be set out in the circular to Shareholders for the annual general meeting.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management of the Company are set out on pages 45 to 52 of the annual report.

DISCLOSURE OF INFORMATION OF DIRECTORS

Pursuant to the disclosure requirements under rule 13.51B(1) of the Listing Rules, the changes/update of information of Directors during the year ended 31 December 2025 and up to the date of this report are as follows:

1. The total cash compensation received/receivable by Executive Directors of the Company for the year ended 31 December 2025 are set out in note 10 to the consolidated financial statements.
2. Ms. Wang Ling, an Executive Director of the Company, was appointed as a member of Nomination Committee on 24 June 2025.
3. Mr. Sun Po Yuen, an Independent Non-executive Director of the Company, was appointed as independent non-executive director of Nameson Holdings Limited and Nine Dragons Paper (Holdings) Limited, whose shares are listed on the main board of the Stock Exchange in September 2025 and October 2025 respectively.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2025, the Company had issued formal letters of appointment to the Directors of the Company, setting out key terms and conditions of their appointment and in compliance with the code provision C.3.3 as set out in the Corporate Governance Code.

Save as disclosed above, as at 31 December 2025, none of the Directors has a service contract with the Company.

DIRECTORS' INTERESTS IN THE SHARES

As at 31 December 2025, the interests of the Directors and chief executives in the Shares, share options, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code), were disclosed below.

As at 31 December 2025, the following Directors of the Company had long position in the ordinary shares of HK\$0.1 each of the Company:

Name of Director	Capacity	Number of issued Shares held	Percentage of the issued share capital of the Company
Wang Tielin	Beneficial owner	1,250,000	0.018%
Chen Shengnan	Beneficial owner	300,000	0.004%
Lu Xin	Beneficial owner	2,900,000	0.041%

Save as disclosed above, as at 31 December 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 as disclosed above, at no time during the year and as at 31 December 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 eighteen years of age to acquire benefits by means of the acquisition of Shares in, or debt securities of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 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 share capital of the Company:

Name of shareholder	Capacity	Number of issued ordinary Shares held – Long position	Percentage of the issued share capital of the Company
Sinochem Holdings	Interest in a controlled corporation ^(Note 1)	3,698,660,874	52.65%
Sinochem Group Co., Ltd. ("Sinochem Group")	Interest in a controlled corporation ^(Note 1)	3,698,660,874	52.65%
Sinochem Corporation Co., Ltd. ("Sinochem Corp")	Interest in a controlled corporation ^(Note 1)	3,698,660,874	52.65%
Sinochem Hong Kong (Group) Co., Ltd. ("Sinochem HK")	Beneficial owner ^(Note 2)	3,698,660,874	52.65%

Notes:

- Sinochem HK and the beneficial owner hold 3,698,660,874 shares. Sinochem HK is a wholly-owned subsidiary of Sinochem Corp, which is wholly owned by Sinochem Group, while Sinochem Group is in turn wholly owned by Sinochem Holdings. Therefore, Sinochem Holdings, Sinochem Group, and Sinochem Corp are deemed to be interested in the shares held by Sinochem HK.
- On 6 December 2025, as part of an intra-group restructuring, Syngenta Group (HK) Holdings Company Limited ("Syngenta HK") entered into a Share Transfer Agreement with Sinochem HK, pursuant to which Syngenta HK agreed to transfer all 3,698,660,874 ordinary shares of Sinofert Holdings Limited held by it to Sinochem HK for nominal consideration. The total consideration for the transaction was HK\$1. The transfer has been completed on 23 December 2025. Following the completion of the Transfer, Sinochem HK has become the direct controlling shareholder of the Company. For details, please refer to the announcements dated 8 December 2025 and 23 December 2025 of the Company.

Save as disclosed above, other than the Directors or chief executives of the Company, the Company has not been notified of any other relevant interests or short positions held by any other person in the issued share capital of the Company as at 31 December 2025, which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

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

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

MANAGEMENT CONTRACTS

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, Ms. Chen Shengnan, the Executive Director of the Company, is a director of Qinghai Salt Lake. Qinghai Salt Lake is a joint stock limited liability company incorporated in the PRC whose shares are traded on the Shenzhen Stock Exchange (stock code: 000792). The principal activities of Qinghai Salt Lake include the development, production and sale of potassium chloride (a form of potash), and the comprehensive development and utilization of salt lake resources.

As at 31 December 2025, the board of directors of Qinghai Salt Lake consists of 12 directors. Ms. Chen Shengnan was not involved in the daily production, sale, operation or management of Qinghai Salt Lake. Ms. Chen Shengnan has extensive experience in international resource acquisition, marketing management and team management. Ms. Chen Shengnan is aware of her duties and responsibilities as the Director and senior management member of the Company, and is able to devote sufficient time to the business of the Group. The Company believes that Ms. Chen Shengnan had exercised her independent judgment in making decisions at the Board meetings and acts in the interest of the Group.

Save as disclosed above, during the year ended 31 December 2025 and up to the date of this report, none of the Directors of the Company and their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONNECTED TRANSACTIONS

Note: Unless otherwise defined in this section or other sections in this annual report, the definitions of the companies and certain specific terms included in this section shall have the same meaning assigned to them in the respective announcements or circulars.

I. One-off Connected Transactions

For the year ended 31 December 2025, the Group conducted the following one-off connected transactions that are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules:

1. ***EPC General Contracting Agreement entered into among Sinochem Yunlong, CBCF and Hebei Zhenxing***

The 7000m³ initial rainwater collection tank of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, after being in operation for a long period of time, has been deteriorating in performance and decreasing in reliability. In order to ensure safe operation, Sinochem Yunlong plans to replace the bottom of the above 7000m³ initial rainwater collection tank. Sinochem Yunlong has proceeded with the public tender process in accordance with the relevant requirements and confirmed CBCF and Hebei Zhenxing as the Joint Successful Bidders.

On 17 April 2025, Sinochem Yunlong, CBCF and Hebei Zhenxing entered into the EPC General Contracting Agreement, pursuant to which, Sinochem Yunlong has engaged CBCF and Hebei Zhenxing to carry out the survey, design, procurement and construction of the replacement of the bottom of the 7000m³ initial rainwater collection tank at the consideration of RMB6,616,031.66.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total number of issued shares of the Company, and is a connected person of the Company. CBCF, an indirect subsidiary of Sinochem Holdings, is also a connected person of the Company. As such, the transactions under the EPC General Contracting Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Having taken into account the transactions of a similar nature previously conducted between the Group with Sinochem Holdings and its associates during the past 12 months, the highest applicable percentage ratio calculated on an aggregated basis exceeds 0.1% but is less than 5%. Accordingly, the transactions under the EPC General Contracting Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For detailed information on the aforesaid transactions, please refer to the announcement dated 17 April 2025 published by the Company.

2. Formamide Project Contract entered into between Sinochem Changshan and Luxi Industrial

To better facilitate the transformation and upgrading of production operations, accelerate the development of carbon-one chemical products, fully leverage the synergistic integration of resource advantages and downstream high-value-added products, explore new growth drivers, and extend the carbon-one chemical industry chain, Sinochem Changshan, the Company's indirect subsidiary, proposes to construct a formamide production facility with an annual production of 10,000 tons within its existing plant premises. Following a public tender conducted in compliance with relevant requirements, Sinochem Changshan has confirmed Luxi Industrial as the successful bidder.

On 10 June 2025, Sinochem Changshan entered into a Formamide Project Contract with Luxi Industrial, pursuant to which Luxi Industrial is engaged to carry out installation and construction of equipment, pipelines, electrical systems and instruments of the formamide project of Sinochem Changshan with an annual production of 10,000 tons. The preliminary total consideration is RMB9,785,108, which may be adjusted according to the actual construction volume during the project implementation and calculated based on the bidding price of each sub-item under the Formamide Project Contract. The final total consideration of the Formamide Project Contract after acceptance shall not exceed RMB15,000,000.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total number of issued shares of the Company, and is a connected person of the Company. Luxi Industrial is an indirectly non-wholly owned subsidiary of Sinochem Holdings and also constitutes a connected person of the Company. Accordingly, pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Formamide Project Contract constitute connected transactions of the Company. With respect to the transactions under the Formamide Project Contract alone, as the highest applicable percentage ratio calculated based on the total consideration of no more than RMB15,000,000 exceeds 0.1% but is less than 5%, the transactions under the Formamide Project Contract are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In accordance with Rule 14A.81 of the Listing Rules, if a series of connected transactions are all entered into or completed within any 12-month period or the transactions are otherwise related, such transactions shall be aggregated and treated as if they were one transaction. After taking into account transactions of a similar nature previously conducted between the Group and Sinochem Holdings and its associates during the preceding 12-month period, where the highest applicable percentage ratio calculated on an aggregated basis exceeds 0.1% but remains below 5%, the transactions under the Formamide Project Contract are therefore still only subject to the reporting and announcement requirements but remain exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For detailed information on the aforesaid transactions, please refer to the announcement dated 10 June 2025 published by the Company.

3. EPC General Contracting Agreement entered into among Sinochem Yunlong, and CBLE and Sinochem Environment

The MCP washing equipment, chimneys and other environmental protection facilities of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, have been in operation for a prolonged period, resulting in declining performance and reduced reliability. In order to ensure safe operation, Sinochem Yunlong plans to undertake an environmental protection project for the reduction of particulate matter in the exhaust gas emissions from the MCP production process. Sinochem Yunlong has proceeded with the public tender process in accordance with the relevant requirements and confirmed CBLE and Sinochem Environment as the Joint Successful Bidders.

On 11 July 2025, Sinochem Yunlong, and CBLE and Sinochem Environment entered into the EPC General Contracting Agreement, pursuant to which, Sinochem Yunlong has engaged CBLE and Sinochem Environment to carry out works including survey, design, procurement and construction of the environmental protection project for the reduction of particulate matter in the exhaust gas emissions from the MCP production process for a consideration of RMB9,286,875.82.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total number of issued shares of the Company, and is a connected person of the Company. Each of CBLE and Sinochem Environment is an indirect subsidiary of Sinochem Holdings, and is therefore a connected person of the Company. As such, the transactions under the EPC General Contracting Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Having taken into account the transactions of a similar nature previously conducted between the Group with Sinochem Holdings and its associates during the past 12 months, the highest applicable percentage ratio in respect of the transaction under the EPC General Contracting Agreement, calculated on both a standalone basis and an aggregated basis, exceeds 0.1% but all applicable percentage ratios are less than 5%. Accordingly, the transaction under the EPC General Contracting Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For detailed information on the aforesaid transactions, please refer to the announcements dated 11 July 2025 published by the Company.

4. EPC General Contracting Agreement for the Electrical and Instrumentation Equipment Renewal and Renovation Project entered into among Sinochem Yunlong, CBLE and Yunnan Qiangshi

The electrical equipment and facilities for chemical defluorination, arsenic removal, fluoride salt removal, and monocalcium phosphate (MCP) sections of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, have been in operation for a prolonged period, resulting in declining performance and reduced reliability. In order to ensure safe operation, Sinochem Yunlong plans to undertake a project for the renewal and renovation of electrical and instrumentation equipment. Sinochem Yunlong has conducted a public tender process in accordance with the relevant requirements and confirmed CBLE and Yunnan Qiangshi as the Joint Successful Bidders.

On 13 November 2025, Sinochem Yunlong, CBLE and Yunnan Qiangshi entered into the EPC General Contracting Agreement for the Electrical and Instrumentation Equipment Renewal and Renovation Project, pursuant to which, Sinochem Yunlong has engaged CBLE and Yunnan Qiangshi to carry out works including design, procurement, construction, installation and commissioning of the electrical and instrumentation equipment renewal and renovation project for a total consideration not exceeding RMB31,000,000.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total number of issued shares of the Company, and is a connected person of the Company. CBLE is an indirect subsidiary of Sinochem Holdings, and is also a connected person of the Company. As such, the transaction under the EPC General Contracting Agreement for the Electrical and Instrumentation Equipment Renewal and Renovation Project constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Having taken into account the transactions of a similar nature previously conducted between the Group with Sinochem Holdings and its associates during the past 12 months, the highest applicable percentage ratio in respect of the transaction under the EPC General Contracting Agreement for the Electrical and Instrumentation Equipment Renewal and Renovation Project, calculated on both a standalone basis and an aggregated basis, exceeds 0.1% but all applicable percentage ratios are less than 5%. Accordingly, the transaction under the EPC General Contracting Agreement for the Electrical and Instrumentation Equipment Renewal and Renovation Project is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transaction, please refer to the announcement of the Company dated 13 November 2025.

5. General Contracting Agreement for Backfill Utilization entered into among Sinochem Fuling, CBLE and Zhejiang Tuohai

According to the “Implementation Plan for Promoting the Efficient and High-Value Utilization of Phosphorus Resources” issued by the national ministries and commissions, all relevant entities are required to achieve 100% harmless treatment of phosphogypsum and a comprehensive utilization rate of 65% by 2026. To implement relevant policy requirements, Sinochem Fuling, an indirect non-wholly owned subsidiary of the Company, is actively promoting the construction of the supporting facilities for the harmless treatment of phosphogypsum; at the same time, there is a natural depression on the northern side of Sinochem Fuling’s temporary storage site, which limits its overall land utilization efficiency. In view of the foregoing, Sinochem Fuling proposes to carry out a project for harmless phosphogypsum backfill utilization, and has conducted the public tender in accordance with the relevant requirements and confirmed CBLE and Zhejiang Tuohai as the Joint Successful Bidders.

On 13 November 2025, Sinochem Fuling, CBLE and Zhejiang Tuohai entered into the General Contracting Agreement for Backfill Utilization, pursuant to which, Sinochem Fuling has engaged CBLE and Zhejiang Tuohai to carry out works including design, procurement and construction of the harmless phosphogypsum backfill utilization project for a total consideration of RMB62,644,158.09.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total number of issued shares of the Company, and is therefore a connected person of the Company. CBLE is an indirect subsidiary of Sinochem Holdings and is also a connected person of the Company. As such, the transaction under the General Contracting Agreement for Backfill Utilization constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Having taken into account the transactions of a similar nature previously conducted between the Group with Sinochem Holdings and its associates during the past 12 months, the highest applicable percentage ratio in respect of the transaction under the General Contracting Agreement for Backfill Utilization, calculated on both a standalone basis and an aggregated basis, exceeds 0.1% but all applicable percentage ratios are less than 5%. Accordingly, the transaction under the General Contracting Agreement for Backfill Utilization is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

For details on the aforementioned transaction, please refer to the announcement of the Company dated 13 November 2025.

II. Continuing Connected Transactions

For the year ended 31 December 2025, the Group's continuing connected transactions are listed below, which are subject to the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the following continuing connected transactions. During the year, the Company has followed the pricing policies and guidelines formulated at the time when such transactions were entered into.

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

On 2 December 2024, Sinochem Fertilizer entered into the Agricultural Products Purchase and Sale Framework Agreement with Sinochem Holdings, pursuant to which Sinochem Fertilizer would purchase from and/or sell to subsidiaries of Sinochem Holdings certain agricultural products, including fertilizers (such as nitrogen fertilizer, phosphate fertilizer, potash fertilizer and compound fertilizer), agrichemicals (such as pesticide, fungicide and herbicide) and seeds within the PRC during the period from 1 January 2025 to 31 December 2027 (both days inclusive). Pursuant to the Agricultural Products Purchase and Sale Framework Agreement, prices of agricultural products shall be determined with reference to the fair market prices of the products within the PRC at the time when Sinochem Fertilizer Group or the relevant subsidiary of Sinochem Holdings submits its purchase plan for the relevant products.

For the three years ending 31 December 2027, the annual caps in respect of the purchase of agricultural products by Sinochem Fertilizer Group from subsidiaries of Sinochem Holdings are RMB965,000,000, RMB1,113,000,000 and RMB1,307,000,000, respectively, and the annual caps in respect of the sale of agricultural products by Sinochem Fertilizer Group to subsidiaries of Sinochem Holdings are RMB1,119,000,000, RMB1,244,000,000 and RMB1,328,000,000, respectively.

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

The aforementioned continuing connected transactions and annual caps were approved by the Board on 2 December 2024, and were subsequently approved by the independent shareholders of the Company at the special general meeting of the Company held on 30 December 2024. For details, please refer to the announcement dated 2 December 2024 and the circular dated 13 December 2024 of the Company.

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

On 2 December 2024, the Company and Sinochem Fertilizer entered into the Fertilizer Import Framework Agreement with Sinochem Group, pursuant to which Sinochem Group would import fertilizer and other fertilizer raw materials sourced by overseas subsidiaries of the Company and sell them to Sinochem Fertilizer (or other domestic subsidiaries of the Company) during the period from 1 January 2025 to 31 December 2027 (both days inclusive).

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

For the three years ending 31 December 2027, the annual caps in respect of the sale of fertilizer and other fertilizer raw materials procured from the overseas subsidiaries of the Company to Sinochem Group will be US\$1,297,000,000, US\$1,410,000,000 and US\$1,511,000,000, respectively, and the annual caps in respect of the purchase of fertilizer and other fertilizer raw materials by Sinochem Fertilizer (or other domestic subsidiaries of the Company) from Sinochem Group will be RMB9,744,000,000, RMB10,579,000,000 and RMB11,335,000,000, respectively.

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

The aforementioned continuing connected transactions and annual caps were approved by the Board on 2 December 2024, and were subsequently approved by the independent shareholders of the Company at the special general meeting of the Company held on 30 December 2024. For details, please refer to the announcement dated 2 December 2024 and the circular dated 13 December 2024 of the Company.

3. Financial Services Framework Agreement entered into by the Company and Sinochem Finance

1) The Original Financial Services Framework Agreement

On 24 August 2021, the Company entered into the original financial services framework agreement (the "Original Financial Services Framework Agreement") with Sinochem Finance, pursuant to which the Group would utilize the financial services available from Sinochem Finance as it deems necessary, including the Deposit Services, Loan Services, entrustment loan services, commercial bills of exchange services, buyer financing services, settlement services, guarantee services, internet banking services, and other financial services as approved by the CBIRC, for a term up to 31 December 2023, and the Group would pay relevant interest as well as service fees to, or collect interest on deposits from, Sinochem Finance in accordance with the Original Financial Services Framework Agreement. Except for the settlement services for which no service fee is payable by the Group, interest and fees payable for all the other services were determined based on the benchmark interest rates as promulgated by the PBOC from time to time, or with reference to those as offered by independent commercial banks. On 5 August 2022 and 11 October 2023, the Company and Sinochem Finance entered into two supplemental agreements to revise the maximum daily outstanding balance of deposits placed by the Group with Sinochem Finance under the Original Financial Services Framework Agreement, and to renew the term of the Original Financial Services Framework Agreement to 31 December 2026.

Pursuant to the Original Financial Services Framework Agreement, for each of the three years ending 31 December 2026, the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance is RMB3,000,000,000, and the annual cap in respect of the Other Financial Services is RMB10,000,000. Such arrangements were subsequently replaced by the Financial Services Framework Agreement as described below.

2) Financial Services Framework Agreement

On 27 October 2025, the Company and Sinochem Finance entered into the Financial Services Framework Agreement, pursuant to which, among others, (i) for the three years commencing from its effective date, the Group would continue to utilize the financial services available from Sinochem Finance as it deems necessary; (ii) except for the settlement services for which no service fee is payable by the Group, interest and fees payable for all the other services were determined based on the benchmark interest rates as offered by independent commercial banks in the PRC, or the prevailing market rates or standard rates promulgated by the NFRA from time to time (if applicable); and (iii) the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance was revised from RMB3,000,000,000 to RMB5,000,000,000 for the period from the effective date of the Financial Services Framework Agreement up to 31 December 2026, and the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance for the year ending 31 December 2027 and for the period from 1 January 2028 up to the expiry of the Financial Services Framework Agreement (being three years from the date of its effectiveness) was set as RMB5,000,000,000. The Financial Services Framework Agreement shall take effect from the date immediately following the approval by the Independent Shareholders at the SGM. Upon the Financial Services Framework Agreement becoming effective, the Original Financial Services Framework Agreement will cease to have effect.

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 63% in aggregate by Sinochem Corporation (an indirect subsidiary of Sinochem Holdings) and its subsidiary, Sinochem Finance is a connected person of the Company. As such, the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios in respect of the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement are more than 5%, the Deposit Services are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Deposit Services are regarded as the Group providing financial assistance under the Listing Rules, the Company has aggregated the Deposit Services under the Financial Services Framework Agreement and the transactions under the Sinochem Agriculture Agreement and the CNSG Agreement to assess the classification of the transactions under Chapter 14 of the Listing Rules. Given that the applicable percentage ratios in respect of the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement, both on a standalone basis and when aggregated with the maximum amount of the funds provided under the Sinochem Agriculture Agreement and the CNSG Agreement, are more than 25% but less than 100%, such transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements.

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

Given that the applicable percentage ratios in respect of the expected transaction amounts of the Other Financial Services during the term of the Financial Services Framework Agreement are less than 0.1%, the Other Financial Services are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For detailed information on the aforesaid transactions, please refer to the announcements dated 24 August 2021, 5 August 2022, 11 October 2023 and 27 October 2025, and the circulars dated 14 September 2021, 14 September 2022, 6 December 2023 and 4 December 2025 published by the Company. The continuing connected transactions under the Original Financial Services Framework Agreement (as revised and renewed by the supplemental agreements) and the Financial Services Framework Agreement have been approved by the independent shareholders of the Company at the special general meetings of the Company held on 30 September 2021, 29 September 2022, 21 December 2023 and 19 December 2025.

4. UK service agreement entered into between Sinochem Macao and Sinochem UK

1) *Original UK Service Agreement*

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

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

2) *UK Service Agreement*

On 24 December 2025, Sinochem Macao and Sinochem UK entered into the UK Service Agreement, pursuant to which Sinochem UK will continue to provide local supplier relations and logistics services to Sinochem Macao during the period from 1 January 2026 to 31 December 2028 (both days inclusive). Pursuant to the UK Service Agreement, the service fees payable by Sinochem Macao to Sinochem UK for different products imported by Sinochem Macao and in respect of which Sinochem UK has provided services shall range from US\$0.8 to US\$8.5 per tonne. Such fees are determined based on the costs incurred by Sinochem UK (which mainly include salaries and employee benefits, office rent, repair and maintenance, utilities, insurance and other administrative costs).

The annual cap in respect of the fees payable by Sinochem Macao to Sinochem UK under the UK Service Agreement for each of the three years ending 31 December 2028 will be US\$2,300,000.

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

For detailed information on the aforesaid transactions, please refer to the announcements dated 13 December 2022 and 24 December 2025 published by the Company.

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

On 11 October 2023, Sinochem Fertilizer (as the lender) and Sinochem Agriculture (as the borrower) entered into the Agreement for the Use of Fund (i.e. the Existing Sinochem Agriculture Agreement), pursuant to which Sinochem Fertilizer agreed to provide the Fund in an amount of not more than RMB1,000,000,000 to Sinochem Agriculture. The Fund is of revolving nature, and Sinochem Agriculture may re-borrow any portion of the total amount of the Fund that has been repaid or prepaid. The interest rate of the funding shall be the highest interest rate of the comparable loans obtained by Sinochem Agriculture from independent third-party banks one month prior to the date of release of such funding. The New Sinochem Agriculture Agreement took effect from 1 January 2024 and remains in force until 31 December 2026.

Sinochem Agriculture is an indirect wholly-owned subsidiary of Sinochem Holdings and is therefore a connected person of the Company. As such, the transactions under the Sinochem Agriculture Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the transactions under the New Sinochem Agriculture Agreement and the CNSG Agreement and the Deposit Services under the Financial Services Framework Agreement, on an aggregated basis, are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

6. *CNSG Agreement entered into between Sinochem Fertilizer and CNSG*

On 11 October 2023, Sinochem Fertilizer (as the lender) and CNSG (as the borrower) entered into the CNSG Agreement, pursuant to which Sinochem Fertilizer agreed to provide the Fund in an amount of not more than RMB500,000,000 to CNSG. The Fund is of revolving nature, and CNSG may re-borrow any portion of the total amount of the Fund that has been repaid or prepaid. The interest rate of the Fund shall be the highest interest rate of the Comparable Loans obtained by CNSG from independent third-party banks one month prior to the date of release of such Fund. The CNSG Agreement took effect from 1 January 2024 and remains in force until 31 December 2026.

CNSG is a wholly-owned subsidiary indirectly held by Sinochem Holdings (through Syngenta Group), and is therefore a connected person of the Company. As such, the transactions contemplated under the CNSG Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios resulting from the aggregation of the transactions under the New Sinochem Agriculture Agreement and the CNSG Agreement and the Deposit Services under the Financial Services Framework Agreement are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

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

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

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

Sinochem Yunlong is an indirect wholly-owned subsidiary of the Company. CBLE is a subsidiary of Sinochem Holdings, and is also a connected person of the Company. Sinochem Yunlong and CBLE entered into the Electrical Retrofit Contract on 8 November 2023. The transactions under the Project Design and Consulting Services Framework Agreement constitute continuing connected transactions of the Company, and the transactions under the Electrical Retrofit Contract constitute connected transactions of the Company, under Chapter 14A of the Listing Rules. As all applicable percentage ratios in respect of the transaction under the Electrical Retrofit Contract are less than 0.1%, the Electrical Retrofit Contract is fully exempt from the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.81 of the Listing Rules, the annual cap for the continuing connected transactions under the Project Design and Consulting Services Framework Agreement should be aggregated together with the Electrical Retrofit Contract. As the applicable percentage ratios in respect of the annual cap amount of transactions, on an aggregate basis, are more than 0.1% but less than 5%, the transactions under the Project Design and Consulting Services Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

8. Lease Framework Agreement entered into between Sinochem Fertilizer and Junmao Real Estate

On 28 March 2025, Sinochem Fertilizer (as the lessee), an indirect wholly-owned subsidiary of the Company, entered into the Lease Framework Agreement with Junmao Real Estate (as the lessor), the terms of which shall be from 31 March 2025 to 30 June 2026. Pursuant to the Lease Framework Agreement, Sinochem Fertilizer (as the lessee) agreed to lease from Junmao Real Estate (as the lessor) the Properties located at Youan International Tower. Sinochem Fertilizer and Junmao Real Estate may (subject to the relevant annual caps) enter into specific agreements regarding the final leased area and rental price per unit, among other specific terms.

Pursuant to the Lease Framework Agreement, the rental price per unit area shall not exceed RMB8 per square meter per day, and the monthly rental payment shall not exceed RMB851,760 (inclusive of tax); and the property management fees of the leased Properties shall not exceed RMB98,000 (inclusive of tax) per month. The rentals and property management fees of the Properties are determined based on arm's length negotiations between the Group and Junmao Real Estate on normal commercial terms. When determining the rentals and property management fees, the Group has made reference to historical transaction amounts, the rates of similar types of properties in the surrounding areas and the rates charged by Junmao Real Estate to other tenants of Youan International Tower. The rentals and property management fees charged by Junmao Real Estate to Sinochem Fertilizer are not higher than the rates charged by Junmao Real Estate to its other tenants.

The caps for the continuing connected transactions under the Lease Framework Agreement in respect of the total value of right-of-use assets and property management fees to be as follows: for the year ending 31 December 2025, the total value of right-of-use assets related to the Properties leased by Sinochem Fertilizer from Junmao Real Estate is RMB11,572,000, and the annual property management fees payable is RMB1,176,000 (the property management fees have already taken into account the fees payable by Sinochem Fertilizer to Junmao Real Estate under the Original Lease Agreements for the period from 1 January 2025 to 30 March 2025); for the six-month period ending 30 June 2026, the total value of right-of-use assets arising from the Properties leased by Sinochem Fertilizer from Junmao Real Estate is RMB4,629,000, and the annual property management fees payable is RMB588,000.

Sinochem Holdings is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Junmao Real Estate is an indirect non-wholly-owned subsidiary of Sinochem Holdings and is therefore also a connected person of the Company.

In accordance with HKFRS 16 "Leases", the rental payment to be made by Sinochem Fertilizer under the Lease Framework Agreement will be recognized as a right-of-use asset. The payment of the property management fees to be made by Sinochem Fertilizer under the Lease Framework Agreement will be recognized as expenses of the Group over the lease term. As such, pursuant to Chapter 14A of the Listing Rules, the leasing of the Properties by Sinochem Fertilizer from Junmao Real Estate under the Lease Framework Agreement constitutes a continuing connected transaction of the Company, and the provision of

property management services by Junmao Real Estate to Sinochem Fertilizer under the Lease Framework Agreement also constitutes a continuing connected transaction of the Company.

Given that the relevant applicable percentage ratios in respect of the maximum aggregate value of the right-of-use asset to be recognized by the Group under the Lease Framework Agreement is more than 0.1% but less than 5%, the lease transactions contemplated under the Lease Framework Agreement and the payment of rentals thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Given that all applicable percentage ratios in respect of the annual amount of the property management fees payable by the Group for leasing the Properties under the Lease Framework Agreement are less than 0.1%, the payment of property management fees is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For details on the aforementioned transactions, please refer to the announcement dated 28 March 2025 of the Company.

9. Information System Services Agreement and IT Business Services Framework Agreement entered into between Sinochem Fertilizer and Sinochem Digital Intelligence (formerly known as Sinochem Information)

1) Information System Services Agreement

On 13 May 2025, Sinochem Fertilizer entered into the Information System Services Agreement with Sinochem Information, pursuant to which Sinochem Information agreed to continue providing information system services to Sinochem Fertilizer, including system operation and maintenance services, software licensing services, software procurement services, system improvement services and artificial intelligence services, during the period from 1 January 2025 to 31 December 2025 (both days inclusive). Pursuant to the Information System Services Agreement, the fees for the services described above are determined after taking into account the estimated scope, duration and frequency of the services, budgeted costs of the relevant services, and the fees as may be charged in the market for comparable services.

The annual cap (as revised pursuant to the Board resolutions on 21 October 2025) in respect of the fees payable by Sinochem Fertilizer to Sinochem Information under the Information System Services Agreement for the year ending 31 December 2025 was RMB18,000,000.

2) IT Business Services Framework Agreement

On 15 December 2025, Sinochem Fertilizer entered into the IT Business Services Framework Agreement with Sinochem Digital Intelligence, pursuant to which Sinochem Digital Intelligence agreed to continue providing IT business services to Sinochem Fertilizer, including system operation and maintenance services, enhancement-related services, IT resource leasing services and software genuine licensing and ITAI foundational software procurement services, during the period from 1 January 2026 to 31 December 2026 (both days inclusive). Pursuant to IT Business Services Framework Agreement, the fees for the services described above are determined after taking into account the estimated scope, duration and frequency of the services, budgeted costs of the relevant services, and the fees as may be charged in the market for comparable services.

The annual cap in respect of the fees payable by Sinochem Fertilizer to Sinochem Digital Intelligence under the IT Business Services Framework Agreement for the year ending 31 December 2026 will be RMB18,000,000.

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

For details on the aforementioned transactions, please refer to the announcements dated 13 May 2025, 21 October 2025 and 15 December 2025 of the Company.

10. MOU entered into between Sinochem Macao and Canpotex

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

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

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

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

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

III. The annual caps approved for and the actual transacted amount of continuing connected transactions of the Group for the year ended 31 December 2025 are set out below:

Name of Transactions	Currency	For the year ended 31 December 2025	
		Annual caps (‘000)	Annual transacted amount (‘000)
1. Agricultural Products Purchase and Sale Framework Agreement entered into between Sinochem Fertilizer and Sinochem Holdings			
(i) Purchase of agricultural products from subsidiaries of Sinochem Holdings	RMB	965,000	561,678
(ii) Sale of agricultural products to subsidiaries of Sinochem Holdings	RMB	1,119,000	924,438
2. Fertilizer Import Framework Agreement entered into between Sinochem Fertilizer and Sinochem Group			
(i) Sale of fertilizer and other fertilizer raw materials procured from the overseas subsidiaries of the Company to Sinochem Group	USD	1,297,000	715,897
(ii) Purchase of fertilizer and other fertilizer raw materials by Sinochem Fertilizer (or other domestic subsidiaries of the Company) from Sinochem Group	RMB	9,744,000	5,169,855
3. Financial Services Framework Agreement entered into between the Company and Sinochem Finance ^(Note 1)			
Maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance	RMB	5,000,000	4,807,247
4. Original UK Service Agreement entered into between Sinochem Macao and Sinochem UK	USD	2,300	1,754
5. New Sinochem Agriculture Agreement entered into between Sinochem Fertilizer and Sinochem Agriculture	RMB	1,000,000	–
6. CNSG Agreement entered into between Sinochem Fertilizer and CNSG	RMB	500,000	200,000
7. Project Design and Consulting Services Framework Agreement entered into between Sinochem Yunlong and CBLE	RMB	500 ^(Note 2)	262

Name of Transactions	Currency	For the year ended 31 December 2025	
		Annual caps (<i>'000</i>)	Annual transacted amount (<i>'000</i>)
8. Lease Framework Agreement entered into between Sinochem Fertilizer and Junmao Real Estate ^(Note 3)			
Total value of right-of-use assets in respect of the Properties leased by Sinochem Fertilizer from Junmao Real Estate	RMB	11,572	11,571
9. Information System Services Agreement entered into between Sinochem Fertilizer and Sinochem Digital Intelligence (formerly known as Sinochem Information)	RMB	18,000	15,775
10. MOU entered into between Sinochem Macao and Canpotex for the purchase of potash from Canpotex	USD	260,000	20,062 ^(Note 4)

Note:

- (1) As disclosed above in this annual report, the Loan Services (excluding entrustment loans) and Other Financial Services provided by Sinochem Finance to the Group under the Financial Services Framework Agreement are both exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.
- (2) For the three months ended 31 March 2025.
- (3) As disclosed above in this annual report, the payment arrangement of property management fees under the Lease Framework Agreement is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.
- (4) The actual transacted amount of USD20,062,000 represents the transaction amount incurred during the period from 1 January 2025 up to 14 March 2025 (being the date on which Nutrien ceased to be a connected person of the Company). Transactions conducted after such date no longer constitute continuing connected transactions of the Company and are therefore not included in the above amount.

The Company confirmed that the entering into and implementation of specific agreements in relation to the above continuing connected transactions for 2025 are in compliance with the pricing principles of such continuing connected transactions.

Transactions with joint ventures, associates and other related parties, which are disclosed as related party disclosures in note 39 to the consolidated financial statements of the annual report, do not fall under the definition of connected transactions or continuing connected transactions or were fully exempt under Chapter 14A of the Listing Rules and thus are not disclosed above.

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

IV. Confirmation from Independent Non-executive Directors

In the opinion of the Independent Non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2025 have been entered into by the Group:

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

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

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

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

- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors;
- for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

CONTRACTS OF SIGNIFICANCE BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDER

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

MAJOR DISCLOSEABLE EVENTS

Save as disclosed in this report, the Company had no other major discloseable events during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'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 year. During the year ended 31 December 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 Central Clearing and Settlement System).

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float exceeding 25% of its issued share capital throughout the year ended 31 December 2025 and up to the date of this report.

REMUNERATION POLICY

The emoluments of the Directors of the Company are reviewed by the Remuneration Committee of the Company from time to time with reference to the qualifications, responsibilities, experience and performance of the individual Directors, and the overall operating results and strategic advancement of the Group. Details of the remuneration policy of the Group are set out in the “Corporate Governance Report” on page 64.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Group are set out in note 41 to the consolidated financial statements.

HOUSING FUNDS

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

PERMITTED INDEMNITY PROVISION

The Company has arranged directors and officers' liabilities insurance which provides comprehensive protection for the Group's business by covering losses in relation to the investigations or claims against the Company's Directors and officers. As at the date of this report and during the year ended 31 December 2025, the permitted indemnity provision for the benefit of the Company's Directors and officers remained in force.

NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 30 January 2024, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, has provided a loan of RMB167,667,000 to Yangmei Pingyuan, an associate of the Company, for its resettlement of employees (the "Employee Loans"). The management of the Company have assessed the recoverability of the loan taking into account the operating status and future cashflow forecast of Yangmei Pingyuan, and recognized expected credit losses in full amount for the year ended 31 December 2024.

On 5 February 2026, the People's Court of Pingyuan County, Shandong Province, approved the bankruptcy reorganization plan of Yangmei Pingyuan. Pursuant to the reorganization plan, the Employee Loans will be repaid in cash at a ratio of 66.137%. The Company estimates that the expected recoverable amount of the Employee Loans will be approximately RMB110,890,000 based on the aforesaid repayment ratio. As at the date of this report, the aforesaid amount has not yet been received.

AUDITOR

The Company appointed KPMG as auditor of the Company for the year ended 31 December 2025.

For and on behalf of the Board

Zhang Xuegong
Chairman of the Board

Hong Kong, 26 March 2026

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of Sinofert Holdings Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Sinofert Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 215, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

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

Revenue recognition

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

The Key Audit Matter

The Group's revenue is principally generated from the sale of fertilizer.

The timing of revenue recognition depends on the terms of individual sales transactions and revenue is generally recognized when fertilizers are collected by the customers from the Group's premises or when the products are delivered to the location designated by customers, which is taken to be the point in time when the control of the goods have passed to customers.

We identified revenue recognition as a key audit matter because revenue is one of the key performance indicators of the Group and the significance number of customers involved and range of contractual terms with customers increase the risk that revenue may not be accurately recognized upon the control of the goods being transferred.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue included the following:

- understanding and assessing the design, implementation and operating effectiveness of the key internal controls over the Group's systems which govern the revenue recognition;
- inspecting sales contracts with customers on a sample basis to understand and assess the terms and conditions therein which may affect the recognition of revenue;
- comparing revenue recognised during the year, on a sample basis, to underlying documentation, which included sales contracts, delivery receipts or delivery orders;
- comparing sales transactions recorded around the year end, on a sample basis, with the underlying goods delivery notes to assess if the related revenue had been recognized in the appropriate accounting period; and
- identifying journal entries with specific risk criteria relating to revenue which were raised during the year, enquiring of management the reasons for such adjustments and inspecting underlying documentation.

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

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon, that is included within the other information.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ho Ying Man Simon (practising certificate number: P04538).

KPMG

Certified Public Accountants

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

26 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Revenue	4(a)	23,263,105	21,264,854
Cost of sales		(20,369,787)	(18,721,016)
Gross profit		2,893,318	2,543,838
Other income and gains	5	214,333	236,762
Selling and distribution expenses		(620,644)	(608,101)
Administrative expenses		(783,843)	(757,104)
Other expenses and losses	7(a)	(205,139)	(357,452)
Profit from operations		1,498,025	1,057,943
Share of results of associates		(5,211)	36,346
Share of results of joint ventures		101,016	187,100
Finance costs	6	(45,083)	(57,379)
Profit before taxation	7	1,548,747	1,224,010
Income tax	8(a)	(275,443)	(149,019)
Profit for the year		1,273,304	1,074,991
Profit for the year attributable to:			
– Owners of the Company		1,259,377	1,061,480
– Non-controlling interests		13,927	13,511
		1,273,304	1,074,991

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2025
(Expressed in RMB)

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Profit for the year		1,273,304	1,074,991
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)		81,212	(57,636)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of overseas operations		(10,598)	16,770
Other comprehensive income for the year	<i>9</i>	70,614	(40,866)
Total comprehensive income for the year		1,343,918	1,034,125
Total comprehensive income attributable to:			
– Owners of the Company		1,329,991	1,020,614
– Non-controlling interests		13,927	13,511
		1,343,918	1,034,125
Earnings per share			
Basic and diluted (RMB)	<i>13</i>	0.1793	0.1511

The notes on pages 126 to 215 form part of these financial statements. Details of dividends payable to equity shareholders of the Company for the year are set out in note 12.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

(Expressed in RMB)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	4,446,527	4,531,219
Right-of-use assets	15	675,720	698,789
Mining rights	16	238,144	265,276
Intangible assets	17	26,977	34,942
Goodwill	18	853,673	861,053
Interests in associates	19	354,479	359,690
Interests in joint ventures	20	724,659	797,889
Other equity securities	21	195,805	87,522
Prepayments for acquisition of property, plant and equipment		15,401	12,103
Time deposits	27	1,972,330	1,262,193
Deferred tax assets	33	57,982	86,763
Other long-term assets		35,629	28,858
		9,597,326	9,026,297
Current assets			
Inventories	22	5,830,131	5,225,191
Trade and bills receivables	23	380,097	292,574
Other receivables and prepayments	24	2,390,653	1,803,090
Other current assets	25	942,991	929,541
Loans to fellow subsidiaries	26	200,000	300,000
Restricted bank deposits	27	22,156	30,155
Time deposits	27	1,296,701	706,831
Cash and cash equivalents	27	2,928,295	3,103,537
		13,991,024	12,390,919

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2025

(Expressed in RMB)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
Current liabilities			
Trade and bills payables	28	4,419,506	3,287,471
Contract liabilities	29	4,654,382	4,229,800
Other payables and provision	30	1,337,392	1,119,432
Bank and other borrowings	31	830,866	872,681
Lease liabilities	32	18,483	26,557
Tax liabilities		41,813	77,044
		11,302,442	9,612,985
Net current assets			
		2,688,582	2,777,934
Total assets less current liabilities			
		12,285,908	11,804,231
Non-current liabilities			
Bank and other borrowings	31	652,123	943,865
Lease liabilities	32	5,807	27,113
Deferred income		53,834	67,208
Deferred tax liabilities	33	101,231	110,339
Other long-term liabilities		18,446	20,588
		831,441	1,169,113
NET ASSETS			
		11,454,467	10,635,118

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2025

(Expressed in RMB)

	Note	As at 31 December	
		2025 RMB'000	2024 RMB'000
CAPITAL AND RESERVES			
Issued equity	34	5,887,384	5,887,384
Reserves		5,336,191	4,529,882
<hr/>			
Total equity attributable to owners of the Company		11,223,575	10,417,266
Non-controlling interests		230,892	217,852
<hr/>			
TOTAL EQUITY		11,454,467	10,635,118

The consolidated financial statements on pages 116 to 215 were approved and authorized for issue by the board of directors on 26 March 2026 and are signed on its behalf by:

Zhang Xuegong

Chairman

Wang Ling

Director

The notes on pages 126 to 215 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

(Expressed in RMB)

		Attributable to owners of the Company									
Note	Issued equity RMB'000	Capital and other reserve RMB'000 (note a)	Statutory reserve RMB'000 (note b)	Contributed surplus RMB'000 (note c)	Fair value reserve (non-recycling) RMB'000 (note d)	Special reserve RMB'000 (note e)	Exchange reserve RMB'000 (note f)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	5,887,384	508,662	366,484	670,469	(192,375)	81,275	(629,801)	3,019,345	9,711,443	207,341	9,918,784
Profit for the year	-	-	-	-	-	-	-	1,061,480	1,061,480	13,511	1,074,991
Other comprehensive income for the year	-	-	-	-	(57,636)	-	16,770	-	(40,866)	-	(40,866)
Total comprehensive income for the year	-	-	-	-	(57,636)	-	16,770	1,061,480	1,020,614	13,511	1,034,125
Maintenance and production fund	<i>e</i>	-	-	-	-	360	-	(360)	-	-	-
Contribution from non-controlling interests		-	-	-	-	-	-	-	-	8,500	8,500
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(11,500)	(11,500)
Dividend declared	12	-	-	-	(314,791)	-	-	-	(314,791)	-	(314,791)
		-	-	-	(314,791)	-	360	-	(360)	(3,000)	(317,791)
Balance at 31 December 2024 and 1 January 2025	5,887,384	508,662	366,484	355,678	(250,011)	81,635	(613,031)	4,080,465	10,417,266	217,852	10,635,118
Profit for the year	-	-	-	-	-	-	-	1,259,377	1,259,377	13,927	1,273,304
Other comprehensive income for the year	-	-	-	-	81,212	-	(10,598)	-	70,614	-	70,614
Total comprehensive income for the year	-	-	-	-	81,212	-	(10,598)	1,259,377	1,329,991	13,927	1,343,918
Maintenance and production fund	<i>e</i>	-	-	-	-	(10,918)	-	10,918	-	-	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(887)	(887)
Offset accumulated losses against statutory reserve		-	-	(366,484)	-	-	-	366,484	-	-	-
Dividend declared	12	-	-	-	(252,771)	-	-	(270,911)	(523,682)	-	(523,682)
		-	-	(366,484)	(252,771)	-	(10,918)	106,491	(523,682)	(887)	(524,569)
Balance at 31 December 2025	5,887,384	508,662	-	102,907	(168,799)	70,717	(623,629)	5,446,333	11,223,575	230,892	11,454,467

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 31 December 2025

(Expressed in RMB)

Notes:

- a. Capital and other reserve comprises the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of shares issued by the holding companies as consideration for the Group restructuring transactions in previous years; contributions from/distributions to the then ultimate holding company, Sinochem Group Co., Ltd. (“Sinochem Group”, established in the People’s Republic of China (the “PRC”)); the difference between the carrying amount of non-controlling interests acquired and the fair value of consideration paid; and the share of the investee’s net assets changes, other than profit or loss or other comprehensive income and distributions received.
- b. Statutory reserve comprises reserve fund and enterprise expansion fund. In accordance with relevant rules and regulations on foreign investment enterprise established in the PRC, the Company’s PRC subsidiaries are required to transfer a portion of their profit after income tax to the reserve fund, until the accumulated amount of the fund reaches 50% of their registered capital. The appropriation to the enterprise expansion fund is solely determined by the board of directors of the subsidiaries in the PRC. Reserve fund and enterprise expansion fund may be used to make good previous years’ losses, and may be converted into capital in proportion to the existing equity interests of investors. Pursuant to the resolution of the board of directors of Sinochem Fertilizer Co., Ltd., (“Sinochem Fertilizer”, a subsidiary of the Company) on 1 December 2025, statutory reserve of RMB366,484,000 was used for the purpose of offsetting accumulated losses.
- c. Contributed surplus may be used to declare or pay a dividend or make a distribution by the Company in accordance with the Companies Act 1981 of Bermuda.
- d. Fair value reserve (non-recycling) comprises the cumulative net change in the fair value, net of tax, of equity investments designated at fair value through other comprehensive income (FVOCI) under HKFRS 9, Financial instruments that are held at the end of reporting period.
- e. Special reserve comprises the fund received which can only be utilized for energy saving and emission reduction projects, and the maintenance and production fund can be appropriated/utilized in accordance to relevant PRC regulations.
- f. Exchange reserve comprises foreign currency differences arising from the translation of the financial statements presented in currencies other than RMB which are dealt with in accordance with the accounting policies as set out in note 2(y).

The notes on pages 126 to 215 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Profit before taxation		1,548,747	1,224,010
Adjustments for:			
Share of results of associates		5,211	(36,346)
Share of results of joint ventures		(101,016)	(187,100)
Interest income from fellow subsidiaries	5	(2,673)	(10,572)
Interest income from time deposits	5	(58,981)	(28,402)
Other interest income	5	(72,984)	(71,292)
Fair value changes of forward foreign exchange contracts	5/7	(491)	47,327
Finance costs	6	45,083	57,379
Depreciation of property, plant and equipment	7	391,792	360,459
Depreciation of right-of-use assets	7	52,312	52,535
Amortization of mining rights	7	27,132	27,251
Amortization of intangible assets	7	8,158	5,201
Amortization of other long-term assets	7	21,604	26,681
Impairment of property, plant and equipment	7	23,957	949
Write-down of inventories	7	19,537	43,894
Reversal of impairment of trade and bills receivables	7	(350)	(89)
(Reversal of impairment)/impairment of other receivables	7	(449)	4,779
Reversal of credit losses on financial guarantees issued	7	–	(6,169)
Provision of expected credit losses on loan to an associate	7	–	167,667
Impairment of other current assets	7	–	19,500
Gain on disposal of subsidiaries	5	(66)	(1,397)
Net loss/(gain) on disposal of property, plant and equipment and others	5/7	2,059	(60,864)
Write-back of payables	5	(6,623)	(3,388)
Release of deferred income	5	(13,864)	(9,857)
Operating cash flows before movements in working capital		1,888,095	1,622,156
(Increase)/decrease in inventories		(635,391)	424,706
(Increase)/decrease in trade and bills receivables		(111,044)	75,352
(Increase)/decrease in other receivables and prepayments		(708,533)	254,517
Increase in deferred income		490	24,090
Increase/(decrease) in trade and bills payables		1,157,446	(504,367)
Increase/(decrease) in other payables and contract liabilities		653,958	(651,273)
Decrease/(increase) in restricted deposits		7,999	(9,426)
Cash generated from operations		2,253,020	1,235,755
Income tax paid		(259,235)	(193,527)
Net cash generated from operating activities		1,993,785	1,042,228

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025
(Expressed in RMB)

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Investing activities			
Purchase of property, plant and equipment		(289,510)	(257,180)
Proceeds from disposal of property, plant and equipment and others		10,682	68,263
Acquisition of land use right		(31,778)	–
Acquisition of intangible assets		(193)	(431)
Additions of other long-term assets		(21,684)	(17,992)
Loans to fellow subsidiaries		(200,000)	(800,000)
Loan to an associate		–	(167,667)
Loans repaid by a fellow subsidiary		300,000	1,300,000
Placement of time deposits		(2,150,000)	(2,900,000)
Proceeds received upon maturity of time deposits		900,000	950,000
Interest income from time deposits		8,974	9,378
Other interest income		72,901	73,618
Proceeds from disposal of a subsidiary		–	8,928
Investment in an associate		–	(17,300)
Interest received from loans to fellow subsidiaries		2,673	10,572
Dividends received from associates		–	90,418
Dividends received from joint ventures		174,246	162,246
Increase of pledged deposits for financial guarantee provided to an associate		–	(15,881)
Net cash used in investing activities		(1,223,689)	(1,503,028)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2025

(Expressed in RMB)

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Financing activities			
Repayment of bank loans	<i>27(b)</i>	(935,539)	(693,816)
Proceeds from new bank and other borrowings	<i>27(b)</i>	601,982	740,904
Capital element of lease rentals paid	<i>27(b)</i>	(26,844)	(39,175)
Interest element of lease rentals paid	<i>27(b)</i>	(1,867)	(2,876)
Other Interest paid	<i>27(b)</i>	(43,060)	(55,240)
Contribution from non-controlling interests		–	8,500
Dividends paid	<i>27(b)</i>	(525,339)	(314,759)
Net cash used in financing activities		(930,667)	(356,462)
Net decrease in cash and cash equivalents		(160,571)	(817,262)
Cash and cash equivalents at 1 January	<i>27(a)</i>	3,103,537	3,907,133
Effect of foreign exchange rate changes		(14,671)	13,666
Cash and cash equivalents at 31 December	<i>27(a)</i>	2,928,295	3,103,537

The notes on pages 126 to 215 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL

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

The principal activity of the Company is investment holding. The Group is mainly engaged in manufacturing and selling of fertilizers and related products. Details of the Company’s principal subsidiaries are set out in note 40.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Group and the Group’s interest in associates and joint ventures.

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

- financial instruments classified as other equity securities (see note 2(g));
- derivative financial instruments (see note 2(h)); and
- bills receivable.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements 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.

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

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

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

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

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

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

(f) Goodwill

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities

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

Investments in securities are recognized/derecognized on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 36(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investments*

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

- amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(x)(iv)).
- FVOCI- recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognized in profit or loss and computed in the same manner as if the financial asset was measured at amortized cost. The difference between the fair value and the amortized cost is recognized in OCI. When the investment is derecognized, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities (continued)

(ii) Equity investments

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

(h) Derivative financial instruments

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

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

(i) Property, plant and equipment

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

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

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

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

(j) Construction in progress

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

(k) Mining rights

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

(l) Intangible assets (other than goodwill)

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

Software and others	5 – 10 years
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Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(m) Leased assets

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

(i) As a lessee

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (continued)

(i) As a lessee (continued)

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) Leased assets (continued)

(ii) *As a lessor*

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

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

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

(n) Credit losses and impairment of assets

(i) *Credit losses from financial instruments*

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (continued)

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

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

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

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is 90 days past due.

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization and;
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(ii) *Credit losses from financial guarantees issued*

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(iii) Impairment of other non-current assets

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

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

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(iv) *Interim financial reporting and impairment*

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(n)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates.

(o) Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(p) Trade and other receivables

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

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

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Cash and cash equivalents

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

(r) Trade and other payables

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

(s) Contract liabilities

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

(t) Interest-bearing borrowings

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

(u) Employee benefits

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(v) Income tax (continued)

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

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

(w) Provisions, and contingent liabilities

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

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

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

(x) Revenue and other income

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Revenue and other income (continued)

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

(i) *Sale of goods*

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

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

(ii) *Rental income from operating leases*

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

(iii) *Dividends*

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

(iv) *Interest income*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Revenue and other income (continued)

(v) Government grants

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

(y) Translation of foreign currencies

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

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

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

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Translation of foreign currencies (continued)

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

(z) Borrowing costs

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

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Related parties (continued)

- (b) An entity is related to the Group if any of the following conditions applies: (continued)
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is apart, provides key management personnel services to the Group or to the Group's parent.

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

(bb) Segment reporting

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

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

3 ACCOUNTING JUDGMENTS AND ESTIMATES

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

Impairment assessment of goodwill

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

Provision of inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15 recognized at point in time		
Disaggregated by major products		
– Sales of potash fertilizer	4,194,687	3,939,159
– Sales of compound fertilizer	7,482,843	6,747,830
– Sales of phosphate fertilizer	7,511,687	6,659,719
– Sales of monocalcium/dicalcium phosphate (“MCP/DCP”)	1,571,438	1,322,387
– Sales of special fertilizer	434,044	677,705
– Others	2,068,406	1,918,054
	23,263,105	21,264,854

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

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

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

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

(i) Segment results

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

2025	Basic business RMB'000	Growth business RMB'000	Production business RMB'000	Elimination RMB'000	Total RMB'000
Revenue					
External revenue	12,393,752	8,451,647	2,417,706	–	23,263,105
Internal revenue	4,327,441	2,878,349	3,547,059	(10,752,849)	–
Segment revenue	16,721,193	11,329,996	5,964,765	(10,752,849)	23,263,105
Share of results of associates	–	–	4,650	–	4,650
Segment profit	874,069	349,016	404,457	–	1,627,542
Unallocated share of results of associates					(9,861)
Unallocated share of results of joint ventures					101,016
Unallocated expenses					(282,256)
Unallocated income					112,306
Profit before taxation					1,548,747

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Other segment information

2025	Basic business RMB'000	Growth business RMB'000	Production business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measures of segment profit:					
Reversal/(write-down) of inventories and impairment losses recognized in the consolidated statement of profit or loss and other comprehensive income, net	127	(3,507)	(39,315)	-	(42,695)
Depreciation and amortization	(36,560)	(85,183)	(379,055)	(200)	(500,998)
Net gain/(loss) on disposal of property, plant and equipment and others	176	(1,338)	(896)	(1)	(2,059)
Gain on disposal of subsidiaries	-	-	(37)	103	66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Other segment information (continued)

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

(iii) Geographical information

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

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

	Revenue from external customers		Non-current assets As at 31 December	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Mainland China	21,664,334	20,171,632	9,342,015	8,851,688
Others	1,598,771	1,093,222	372	324
	23,263,105	21,264,854	9,342,387	8,852,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME AND GAINS

	Note	2025 RMB'000	2024 RMB'000
Rental income		5,471	9,262
Interest income from fellow subsidiaries		2,673	10,572
Interest income from time deposits		58,981	28,402
Other interest income		72,984	71,292
Fair value changes of forward foreign exchange contracts		491	–
Government grants	(a)	26,750	7,657
Release of deferred income		13,864	9,857
Insurance claims received		2,775	3,104
Write-back of payables		6,623	3,388
Net gain on disposal of property, plant and equipment and others		–	60,864
Gain on disposal of subsidiaries		66	1,397
Foreign exchange income		9,582	6,907
Others		14,073	24,060
		214,333	236,762

Note:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

6 FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on borrowings	43,216	54,503
Interest on lease liabilities	1,867	2,876
	45,083	57,379

7 PROFIT BEFORE TAXATION

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

(a) Other expenses and losses

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Impairment of property, plant and equipment	23,957	949
Reversal of impairment of trade and bills receivables	(350)	(89)
Provision of expected credit losses on loan to an associate	–	167,667
Reversal of credit losses on financial guarantees issued	–	(6,169)
(Reversal of impairment)/impairment of other receivables	(449)	4,779
Write-down of inventories	19,537	43,894
Impairment of other current assets	–	19,500
Fair value changes of forward foreign exchange contracts	–	47,327
Net loss on disposal of property, plant and equipment	2,059	–
Loss on sales of semi-product, raw materials and scrapped materials	147,899	47,079
Others	12,486	32,515
	205,139	357,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

7 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Note	2025 RMB'000	2024 RMB'000
Director's emoluments	10	9,246	5,688
Other staff benefits	a	1,123,117	1,083,330
Total employee benefits expenses		1,132,363	1,089,018
Depreciation charge			
– owned property, plant and equipment		391,792	360,459
– right-of-use assets		52,312	52,535
Amortization of mining rights		27,132	27,251
Amortization of other long-term assets		21,604	26,681
Amortization of intangible assets		8,158	5,201
Auditors' remuneration			
– Audit services		3,600	3,617
– Non-audit services		168	153
Expenses relating to short-term leases and leases of low value assets, which are not included in the measurement of lease liabilities		18,224	13,136
Cost of inventories	b	20,389,324	18,764,910

Notes:

- a Contributions to retirement benefit scheme included in other staff benefits for the year ended 31 December 2025 amounted to RMB113,500,000 (2024: RMB98,504,000).
- b Cost of inventories includes RMB712,926,000 (2024: RMB665,626,000) relating to staff costs, depreciation and amortization expenses, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Provision for the year	(282,841)	(170,167)
Deferred tax		
Origination and reversal of temporary differences	7,398	21,148
	(275,443)	(149,019)

- (i) Pursuant to the income tax rules and regulations of Bermuda and the British Virgin Islands ("BVI"), the Group is not subject to income tax in Bermuda and the BVI.
- (ii) The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year.
- (iii) The provision for the PRC Enterprise Income Tax is based on the statutory rate of 25% on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the year, except for certain subsidiaries of the Group which enjoy a preferential tax rate according to related tax policies.
- (iv) The provision for Macao SAR Profits Tax for 2025 is calculated at 12% of the estimated assessable profits for the year (2024:12%).
- (v) The Group operates in multiple jurisdictions, which will enact tax laws to implement the Pillar Two model rules published by the OECD in forthcoming years. So far the Pillar Two model didn't have a significant impact on the consolidated financial statements and no Pillar Two income tax was recognized during the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

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

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

	2025 RMB'000	2024 RMB'000
Profit before taxation	1,548,747	1,224,010
Tax calculated at the applicable tax rate of 25%	(387,187)	(306,003)
Effect of different income tax rates	96,408	110,911
Tax effect of non-deductible expenses	(2,924)	(2,991)
Tax effect of non-taxable income	678	2,159
Tax effect of share of results of associates	(1,303)	9,535
Tax effect of share of results of joint ventures	25,254	46,775
Tax effect of utilization of prior years' tax losses and deductible temporary differences previously not recognized	29,597	38,301
Effect of tax losses and deductible temporary difference not recognized	(35,966)	(47,706)
Income tax expense for the year	(275,443)	(149,019)

9 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2025			2024		
	Before-tax amount RMB'000	Tax effect RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000	Tax effect RMB'000	Net-of-tax amount RMB'000
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	108,283	27,071	81,212	(76,831)	(19,195)	(57,636)
Exchange differences on translation of financial statements of overseas subsidiaries	(10,598)	-	(10,598)	16,770	-	16,770
	97,685	27,071	70,614	(60,061)	(19,195)	(40,866)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

10 DIRECTORS' EMOLUMENTS

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

2025

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i> <i>(note b)</i>	Performance related incentive payments <i>RMB'000</i> <i>(note a)</i>	Retirement benefits scheme contribution <i>RMB'000</i> <i>(note b)</i>	Total <i>RMB'000</i>
Non-executive directors					
Mr. Su Fu (<i>Chairman</i>) (<i>note c</i>) (appointed on 24 January 2024 and resigned on 13 February 2026)	-	-	-	-	-
Ms. Zhang Guangyan (<i>note c</i>) (appointed on 25 August 2025)	-	-	-	-	-
Executive directors					
Mr. Wang Tielin	-	1,243	1,086	68	2,397
Ms. Chen Shengnan (<i>note d</i>)	-	1,140	1,864	68	3,072
Ms. Wang Ling	-	861	1,282	68	2,211
Independent non-executive directors					
Mr. Ko Ming Tung, Edward	493	-	-	-	493
Mr. Lu Xin	493	-	-	-	493
Mr. Sun Po Yuen (appointed on 7 June 2024)	580	-	-	-	580
	1,566	3,244	4,232	204	9,246

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

10 DIRECTORS' EMOLUMENTS (CONTINUED)

2024

	Fees <i>RMB'000</i>	Salaries and other benefits <i>RMB'000</i> <i>note (b)</i>	Performance related incentive payments <i>RMB'000</i> <i>(note a)</i>	Retirement benefits scheme contribution <i>RMB'000</i> <i>note (b)</i>	Total <i>RMB'000</i>
Chairman and non-executive directors					
Mr. Su Fu (<i>note c</i>) (appointed on 24 January 2024 and resigned on 13 February 2026)	–	–	–	–	–
Mr. Liu Hongsheng (<i>note c</i>) (resigned on 24 January 2024)	–	–	–	–	–
Executive directors					
Mr. Wang Tielin (appointed on 11 June 2024)	–	692	–	41	733
Ms. Chen Shengnan (<i>note d</i>) (appointed on 11 June 2024)	–	619	–	39	658
Ms. Wang Ling	–	835	927	66	1,828
Mr. Wang Jun (resigned on 11 June 2024)	–	478	408	22	908
Independent non-executive directors					
Mr. Ko Ming Tung, Edward	491	–	–	–	491
Mr. Lu Xin	491	–	–	–	491
Mr. Sun Po Yuen (appointed on 7 June 2024)	327	–	–	–	327
Mr. Tse Hau Yin, Aloysius (retired on 7 June 2024)	252	–	–	–	252
	1,561	2,624	1,335	168	5,688

Notes:

- The performance related incentive payments represented the amounts approved and paid during the year ended 31 December 2025 and 2024 in respect of the performance related incentive determined with reference to the operating results of the Group, individual performance and relevant comparable market statistics for the year ended 31 December 2024 and 2023, respectively, as well as the deferred performance incentive amounts approved and paid in 2025 from the date of appointment as a director to 31 December 2024.
- Other benefits represented the amounts of the housing fund and enterprise annuity directly paid by the Group to relevant institutions in accordance with relevant regulations for the year ended 31 December 2025 and 2024. Retirement benefits scheme contribution represented the amounts of the pension insurance fund directly paid by the Group to relevant institutions in accordance with relevant regulations for the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

10 DIRECTORS' EMOLUMENTS (CONTINUED)

Notes: (continued)

- c. Mr. Su Fu, being chairman and non-executive director of the Company, had waived his director's fee of HK\$443,000 (equivalent to approximately RMB400,000) and HK\$415,000 (equivalent to approximately RMB379,000) for the years ended 31 December 2025 and 2024, respectively.

Ms. Zhang Guangyan, being non-executive director of the Company, had waived her director's fee of HK\$166,125 (equivalent to approximately RMB150,000) for the year ended 31 December 2025, respectively.

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

- d. During the year ended 31 December 2025, the Group paid additional remuneration to Ms. Chen Shengnan for her key management position prior to her appointment as a director, being deferred performance incentives of RMB947,996 relating to her service during the period from 2021 to 2024 before her appointment as a director.

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

- e. Mr. Zhang Xuegong was appointed as the chairman and executive director of the Company on 13 February 2026.
- f. No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office as a director during the year ended 31 December 2025 and 2024.

11 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2024: two) were directors or former directors of the Company, whose emoluments are disclosed in note 10. The emoluments of the remaining two (2024: three) individuals were as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	2,138	3,013
Performance related incentive payment (note)	2,425	3,209
Retirement benefits scheme contribution	137	185
	4,700	6,407

Note: The performance related incentive payments paid/payable were determined with reference to the operating results of the Group, individual performance and relevant comparable market statistics. The amount disclosed represented the amount paid during the year 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

11 INDIVIDUALS WITH THE HIGHEST EMOLUMENTS (CONTINUED)

The emoluments were within the following bands:

	2025 <i>Number of individuals</i>	2024 <i>Number of individuals</i>
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	2
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
	2	3

12 DIVIDENDS

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final dividend of HK\$0.0693, equivalent to approximately RMB0.0627 per share (2024: HK\$0.0571, equivalent to approximately RMB0.0529 per share)	440,501	371,255

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

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

	Year ended 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend in respect of the previous financial year of HK\$0.0571, equivalent to approximately RMB0.0521 per share (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 (2024: Nil).	157,682	–
	523,682	314,791

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

13 EARNINGS PER SHARE

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Earnings attributable to owners of the Company		
Earnings for the purpose of basic/diluted earnings per share	1,259,377	1,061,480
	2025 <i>'000 shares</i>	2024 <i>'000 shares</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	7,024,456	7,024,456

The Group has no dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024. Therefore, there was no difference between basic and diluted earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant, machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture & fixtures RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
At 1 January 2024	3,275,862	3,315,169	61,962	398,926	674,761	7,726,680
Exchange adjustments	7	1	17	25	–	50
Additions	4,012	40,804	6,004	5,363	477,121	533,304
Transfer from construction in progress	312,040	312,120	–	10,394	(634,554)	–
Disposals	(62,448)	(165,468)	(10,405)	(4,493)	(215,903)	(458,717)
At 31 December 2024	3,529,473	3,502,626	57,578	410,215	301,425	7,801,317
At 1 January 2025	3,529,473	3,502,626	57,578	410,215	301,425	7,801,317
Exchange adjustments	(7)	–	(24)	(35)	–	(66)
Additions	9,555	29,545	4,364	4,049	324,834	372,347
Transfer from construction in progress	87,410	201,201	214	38,207	(327,032)	–
Disposals	(12,530)	(83,605)	(6,899)	(3,255)	(29,680)	(135,969)
At 31 December 2025	3,613,901	3,649,767	55,233	449,181	269,547	8,037,629
Accumulated depreciation and impairment						
At 1 January 2024	(1,122,327)	(1,740,817)	(37,886)	(210,698)	(34,877)	(3,146,605)
Exchange adjustments	(7)	(1)	(16)	(22)	–	(46)
Charge for the year	(134,806)	(186,125)	(5,451)	(34,077)	–	(360,459)
Disposals	61,093	162,833	10,180	3,855	–	237,961
Impairment loss	–	(949)	–	–	–	(949)
At 31 December 2024	(1,196,047)	(1,765,059)	(33,173)	(240,942)	(34,877)	(3,270,098)
At 1 January 2025	(1,196,047)	(1,765,059)	(33,173)	(240,942)	(34,877)	(3,270,098)
Exchange adjustments	7	–	24	31	–	62
Charge for the year	(152,276)	(197,277)	(5,069)	(37,170)	–	(391,792)
Disposals	7,430	78,075	5,184	3,047	947	94,683
Impairment loss	(8,494)	(15,216)	(197)	(50)	–	(23,957)
At 31 December 2025	(1,349,380)	(1,899,477)	(33,231)	(275,084)	(33,930)	(3,591,102)
Net book value						
At 31 December 2025	2,264,521	1,750,290	22,002	174,097	235,617	4,446,527
At 31 December 2024	2,333,426	1,737,567	24,405	169,273	266,548	4,531,219

Note: Certain items of property, plant and equipment were pledged to secure banking facilities and bank loans granted to the Group as disclosed in note 31.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

15 RIGHT-OF-USE ASSETS

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

	Properties leased for own use <i>RMB'000</i>	Land use rights <i>RMB'000</i>	Total <i>RMB'000</i>
Cost			
At 1 January 2024	121,211	879,589	1,000,800
Additions	55,747	–	55,747
Lease matured and disposals	(80,670)	–	(80,670)
At 31 December 2024 and 1 January 2025	96,288	879,589	975,877
Additions	16,152	31,778	47,930
Lease matured and disposals	(95,904)	–	(95,904)
At 31 December 2025	16,536	911,367	927,903
Accumulated depreciation			
At 1 January 2024	(90,872)	(211,339)	(302,211)
Charge for the year	(34,963)	(17,572)	(52,535)
Lease matured and disposals	77,658	–	77,658
At 31 December 2024 and 1 January 2025	(48,177)	(228,911)	(277,088)
Charge for the year	(34,610)	(17,702)	(52,312)
Lease matured and disposals	77,217	–	77,217
At 31 December 2025	(5,570)	(246,613)	(252,183)
Net book value			
At 31 December 2025	10,966	664,754	675,720
At 31 December 2024	48,111	650,678	698,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

15 RIGHT-OF-USE ASSETS (CONTINUED)

Notes:

- (i) Certain land use right was pledged to secure banking facilities granted to the Group as disclosed in note 31.
- (ii) The remaining lease terms of Group's land use rights ranged from 17 to 49 years (31 December 2024: 18 to 48 years).

The analysis of expense items in relation to leases recognized in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Properties leased for own use	34,610	34,963
– Land use rights	17,702	17,572
	52,312	52,535
Interest on lease liabilities (<i>note 6</i>)	1,867	2,876
Expense relating to short-term leases and leases of low-value assets	18,224	13,136

During the year, additions to right-of-use assets were RMB47,930,000 (2024: RMB55,747,000). This amount included the purchase of land use rights of RMB31,778,000 (2024: RMBnil), and the rest primarily related to the capitalized lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 27 and note 32, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

16 MINING RIGHTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost		
At 1 January and 31 December	768,140	768,140
Accumulated amortization		
At 1 January	(502,864)	(475,613)
Charge for the year	(27,132)	(27,251)
At 31 December	(529,996)	(502,864)
Net book value		
At 31 December	238,144	265,276

17 INTANGIBLE ASSETS

	Software and others	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost		
At 1 January	51,712	21,767
Additions	193	29,945
At 31 December	51,905	51,712
Accumulated amortization		
At 1 January	(16,770)	(11,569)
Charge for the year	(8,158)	(5,201)
At 31 December	(24,928)	(16,770)
Net book value		
At 31 December	26,977	34,942

The amortization charge for the year is included in “administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

18 GOODWILL

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cost		
At 1 January	861,053	854,137
Exchange adjustments	(7,380)	6,916
Carrying amount	853,673	861,053

Impairment testing on goodwill

For the purposes of impairment testing, goodwill has been allocated to the CGUs of the related segments as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Basic business	195,236	199,703
Growth business	91,876	93,977
Production business		
– Sinochem Yunlong	531,074	531,074
– Others	35,487	36,299
	853,673	861,053

The recoverable amounts of these CGUs have been determined on the basis of value in use calculations by estimating the future cash flows expected from these CGUs. The key assumptions for the value in use calculations are those regarding the discount rates, estimated selling prices and selling quantities used in the cash flow forecasts. Cash flow forecasts are based on past practices and expectations of future changes in the market. The directors of the Company estimate pre-tax discount rates that reflect current market assessment of the time value of money and the risks specific relating to the CGUs. Cash flow forecasts of each CGU are derived from financial budgets of 2026 approved by the directors of the Company. The growth rates for the first 5 years from 2026 are based on the relevant CGUs past performance and management's expectation for the market development and for the following years are based on steady growth rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

18 GOODWILL (CONTINUED)

Impairment testing on goodwill

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

2025	Basic business	Growth business	Production business
Annual revenue growth rate during and beyond the forecast period	1.8%	1.8%	1.8%
Gross profit margin	8.6%	10.5%	38.9%
Pre-tax discount rate	11.9%	11.9%	13.0%
2024	Basic business	Growth business	Production business
Annual revenue growth rate during and beyond the forecast period	1.8%	1.8%	1.8%
Gross profit margin	6.4%	7.7%	41.1%
Pre-tax discount rate	10.9%	10.9%	12.7%

The value in use calculated is higher than the carrying amount for each CGU, accordingly, no impairment of goodwill was recognized for the year ended 31 December 2025. A reasonably possible change in key assumptions would not cause an impairment loss.

19 INTERESTS IN ASSOCIATES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Unlisted shares, at cost	571,484	571,484
Share of profits, net of dividends	(22,381)	(17,170)
Impairment	(194,624)	(194,624)
	354,479	359,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

19 INTERESTS IN ASSOCIATES (CONTINUED)

All of the associates are accounted for using the equity method in the consolidated financial statements. The following list contains only the particulars of major associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of entities	Place of incorporation and principal place of operation	Particulars of issued capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
Guizhou Xinxin Industrial Holdings Group Co., Ltd. 貴州鑫新實業控股集團有限責任公司	The PRC	RMB20,000,000	24%	24%	Production and sales of phosphate rock
Guizhou Xinxin Coal Chemical Co., Ltd. 貴州鑫新煤化工有限責任公司	The PRC	RMB20,000,000	24%	24%	Production and sales of coal
Yangmei Pingyuan Chemical Co., Ltd. ("Yangmei Pingyuan") 陽煤平原化工有限公司	The PRC	RMB560,296,500	36.75%	36.75%	Production and sales of fertilizers
Beijing Aerospace Hengfeng Technology Co., Ltd. ("Beijing Aerospace Hengfeng") 北京航天恒豐科技股份有限公司	The PRC	RMB138,550,062	18.8%	18.8%	Production and sales of fertilizers
Yitong Digital Technology Co., Ltd. ("Yitong Digital Technology") 益通數科科技股份有限公司	The PRC	RMB238,000,000	31.5%	31.5%	Sales of fertilizers
Chongqing Baitao Railway Logistics Co., Ltd. 重慶白濤鐵運物流有限公司	The PRC	RMB300,000,000	20%	20%	Railway transportation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

19 INTERESTS IN ASSOCIATES (CONTINUED)

The directors of the Company are of the opinion that no associates are individually material to the Group. Aggregate information of associates that are not individually material are listed below:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	354,479	359,690
Aggregate amounts of the Group's share of those associates' (Loss)/profit from continuing operation	(5,211)	36,346
Total comprehensive income	(5,211)	36,346

20 INTERESTS IN JOINT VENTURES

	As at 31 December	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Unlisted shares, at cost	374,330	374,330
Share of profits, net of dividends	350,329	423,559
	724,659	797,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

20 INTERESTS IN JOINT VENTURES (CONTINUED)

All of the joint ventures are accounted for using the equity method in the consolidated financial statements. The following list contains only the particulars of major joint ventures, all of which are unlisted corporate entities whose quoted market price is not available:

Name of entities	Place of incorporation and principal place of operation	Particulars of issued capital/ registered capital	Proportion of ownership interest		Principal activities
			2025	2024	
Yunnan Three Circles-Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem") 雲南三環中化化肥有限公司	The PRC	RMB800,000,000	40%	40%	Sales and manufacturing of fertilizers
Gansu Wengfu Chemical Co., Ltd. ("Gansu Wengfu") 甘肅甕福化工有限責任公司	The PRC	RMB245,650,000	30%	30%	Sales and manufacturing of fertilizers

The directors of the Company are of the opinion that no joint ventures are individually material to the Group. Aggregate information of joint ventures that are not individually material are listed below:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	724,659	797,889
Aggregate amounts of the Group's share of those joint ventures'		
Profit from continuing operation	101,016	187,100
Total comprehensive income	101,016	187,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

21 OTHER EQUITY SECURITIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Equity securities designated at FVOCI (non-recycling)		
– Unlisted equity securities	195,805	87,522

22 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Fertilizer merchandise and finished goods	5,025,720	4,442,161
Raw materials	578,684	575,418
Work in progress	117,728	84,342
Consumables	107,999	123,270
	5,830,131	5,225,191

(b) The analysis of the amount of inventories recognized as an expense and included in profit or loss is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	20,369,787	18,721,016
Write-down of inventories	19,537	43,894
	20,389,324	18,764,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

23 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables	181,660	73,870
Less: loss allowance (note (b))	(2,739)	(2,889)
	178,921	70,981
Bills receivable	207,276	227,893
Less: loss allowance (note (b))	(6,100)	(6,300)
	201,176	221,593
Total trade and bills receivables, net of loss allowance	380,097	292,574

As at 31 December 2025, the bills receivable that the Group has endorsed or discounted and de-recognized but not yet matured amounted to RMB156,318,000. (2024: RMB128,536,000).

(a) Aging analysis of trade and bills receivables

The Group allows a credit period of 0 – 90 days to its trade customers. As at the end of the reporting period, the aging analysis of trade and bills receivables net of allowance for doubtful debts presented based on the invoice date is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	281,280	203,910
More than 3 months but within 6 months	96,358	86,944
More than 6 months but within 12 months	2,459	1,720
	380,097	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 limit is reviewed regularly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

23 TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Loss allowance of trade and bills receivables

The movements in the loss allowance in respect of trade and bills receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	9,189	9,278
Reversal of impairment recognized	(350)	(89)
Balance at 31 December	8,839	9,189

24 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Other receivables	138,658	157,415
Less: loss allowance	(74,164)	(74,150)
	64,494	83,265
Prepayments for inventories	1,962,251	1,390,911
Other prepayments	29,833	25,659
Fair value of forward foreign exchange contract	491	–
Corporate income tax recoverable	189	59,026
Deductible input VAT	333,395	244,229
Other receivables and prepayments	2,390,653	1,803,090

The movements in the loss allowance in respect of other receivables during the year are as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	74,150	69,371
Impairment recognized	14	4,779
Balance at 31 December	74,164	74,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

25 OTHER CURRENT ASSETS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Relocation of Sinochem Fuling	990,460	977,010
Less: impairment loss	(47,469)	(47,469)
	942,991	929,541

The government of Fuling District in Chongqing (“the Government”) and the Group entered into a relocation agreement (“the relocation agreement”) on 6 August 2019. Pursuant to the relocation agreement, Sinochem Fuling, relocated its factories in Nananpu, demolished the buildings, restored the land and will return it to the Government which is in progress. In return, the Government will compensate the losses of Sinochem Fuling arising from the relocation, with a cap of RMB1 billion, after the land use right was transferred to the Government.

26 LOANS TO FELLOW SUBSIDIARIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Sinochem Agriculture Holdings Limited (“Sinochem Agriculture”)	–	300,000
China National Seed Group Co., Ltd. (“China National Seed”) (note)	200,000	–
	200,000	300,000

Note: The loans lent to China National Seed of RMB200,000,000 bear a fixed interest rate of 2.35% and are repayable on demand but in any case matured in 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

27 CASH AND BANK BALANCE AND OTHER DEPOSITS

(a) Cash and bank balance and other deposits comprise:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at bank	2,039,256	2,203,687
Time deposits with original maturity within three months	889,039	899,850
Time deposits with original maturity more than three months	3,269,031	1,969,024
Restricted bank deposits	22,156	30,155
	6,219,482	5,102,716
Less: Restricted bank deposits	(22,156)	(30,155)
Less: Long-term time deposits	(1,972,330)	(1,262,193)
	4,224,996	3,810,368
Less: Time deposits with original maturity more than three months	(1,296,701)	(706,831)
Cash and cash equivalents	2,928,295	3,103,537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

27 CASH AND BANK BALANCE AND OTHER DEPOSITS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings <i>RMB'000</i> <i>(note 31)</i>	Lease liabilities <i>RMB'000</i> <i>(note 32)</i>	Interest payable <i>RMB'000</i>	Dividends payable <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2025	1,816,546	53,670	1,190	25,763	1,897,169
Changes from financing cash flows:					
Proceeds from new bank and other borrowings	601,982	-	-	-	601,982
Repayment of bank loans	(935,539)	-	-	-	(935,539)
Capital element of lease rentals paid	-	(26,844)	-	-	(26,844)
Interest element of lease rentals paid	-	(1,867)	-	-	(1,867)
Other Interest paid	-	-	(43,060)	-	(43,060)
Dividends paid	-	-	-	(525,339)	(525,339)
Total changes from financing cash flows	(333,557)	(28,711)	(43,060)	(525,339)	(930,667)
Other changes:					
Lease termination	-	(18,688)	-	-	(18,688)
Increase in lease liabilities from entering into new leases during the year	-	16,152	-	-	16,152
Interest expenses <i>(note 6)</i>	-	1,867	43,216	-	45,083
Dividends declared	-	-	-	523,682	523,682
Total other changes	-	(669)	43,216	523,682	566,229
At 31 December 2025	1,482,989	24,290	1,346	24,106	1,532,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

27 CASH AND BANK BALANCE AND OTHER DEPOSITS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Bank and other borrowings <i>RMB'000</i> <i>(note 31)</i>	Lease liabilities <i>RMB'000</i> <i>(note 32)</i>	Interest payable <i>RMB'000</i>	Dividends payable <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	1,788,858	40,110	1,927	25,731	1,856,626
Changes from financing cash flows:					
Proceeds from new bank and other borrowings	740,904	–	–	–	740,904
Repayment of bank loans	(693,816)	–	–	–	(693,816)
Capital element of lease rentals paid	–	(39,175)	–	–	(39,175)
Interest element of lease rentals paid	–	(2,876)	–	–	(2,876)
Other Interest paid	–	–	(55,240)	–	(55,240)
Dividends paid	–	–	–	(314,759)	(314,759)
Total changes from financing cash flows	47,088	(42,051)	(55,240)	(314,759)	(364,962)
Other changes:					
Disposal of a subsidiary	(19,400)	–	–	–	(19,400)
Increase in lease liabilities from entering into new leases during the year	–	52,735	–	–	52,735
Interest expenses <i>(note 6)</i>	–	2,876	54,503	–	57,379
Dividends declared	–	–	–	314,791	314,791
Total other changes	(19,400)	55,611	54,503	314,791	405,505
At 31 December 2024	1,816,546	53,670	1,190	25,763	1,897,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

27 CASH AND BANK BALANCE AND OTHER DEPOSITS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating cash flows	18,224	13,136
Within investing cash flows	31,778	–
Within financing cash flows	28,711	42,051
	78,713	55,187

These amounts relate to the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease rentals paid	46,935	55,187
Prepaid lease payments	31,778	–
	78,713	55,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

28 TRADE AND BILLS PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade payables	2,762,424	2,635,838
Bills payable	1,657,082	651,633
Trade and bills payables	4,419,506	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:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 3 months	2,704,763	2,511,492
More than 3 months but within 6 months	1,679,243	671,879
More than 6 months but within 12 months	6,407	63,693
Over 12 months	29,093	40,407
	4,419,506	3,287,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

29 CONTRACT LIABILITIES

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Contract liabilities		
Sales of goods		
– Amounts due to customer for advance received	4,654,382	4,229,800

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	4,229,800	4,797,013
Decrease in contract liabilities as a result of recognizing revenue during the year that was included in the contract liabilities at the beginning of the period	(4,194,893)	(4,603,858)
Increase in contract liabilities as a result of receiving sales deposits during the year (excluding amounts recognized as revenue during the year)	4,619,475	4,036,645
Balance at 31 December	4,654,382	4,229,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

30 OTHER PAYABLES AND PROVISION

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Payroll payables	170,064	180,239
Dividends payable	24,106	25,763
Payables for purchase of property, plant and equipment and land use rights	221,303	167,025
Other taxes payables (<i>note</i>)	578,462	498,029
Others	343,457	210,410
Financial liabilities measured at amortized cost	1,337,392	1,081,466
Fair value of forward foreign exchange contracts	–	37,966
	1,337,392	1,119,432

Note: Other taxes payables mainly include the output VAT collected from customers to be paid upon the completion of sales transactions.

31 BANK AND OTHER BORROWINGS

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

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Bank loans, unsecured	372,572	450,607
Bank loans, secured (<i>note (i)</i>)	1,066,027	1,321,549
Borrowings from Sinochem Holdings (<i>note (ii)</i>)	44,390	44,390
	1,482,989	1,816,546

Notes:

- (i) As at 31 December 2025, bank loans of RMB1,066,027,000 are secured by the Group's right-of-use assets of RMB178,224,000 and property, plant and equipment of RMB20,334,000, respectively (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 2.4% per annum and due for repayment on 10 April 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

31 BANK AND OTHER BORROWINGS (CONTINUED)

(a) The analysis of the carrying amount of bank and other borrowings is as follows: (continued)

All the borrowings are interest-bearing, measured at amortized cost, repayable as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	830,866	872,681
After 1 year but within 2 years	255,679	309,813
After 2 years but within 5 years	396,444	634,052
	652,123	943,865
	1,482,989	1,816,546

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

	Effective annual interest rate	At 31 December 2025 RMB'000	Effective annual interest rate	At 31 December 2024 RMB'000
Variable-rate borrowings	2.08%-2.17%	1,129,039	2.29%-2.60%	1,198,051
Fixed-rate borrowings	1.35%-3.00%	353,950	1.35%-2.85%	618,495
		1,482,989		1,816,546

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

31 BANK AND OTHER BORROWINGS (CONTINUED)

(b) Unutilized banking facilities

As at the end of the reporting period, the Group has the following unutilized banking facilities:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Expiring within 1 year	7,287,300	7,273,730
Expiring beyond 1 year	6,136,669	8,041,821
	13,423,969	15,315,551

32 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	18,483	26,557
After 1 year but within 2 years	4,597	27,113
After 2 years but within 5 years	1,210	–
	5,807	27,113
	24,290	53,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

33 DEFERRED TAX ASSETS/LIABILITIES

The following is the analysis of the deferred tax balances for financial reporting purpose:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred tax assets	57,982	86,763
Deferred tax liabilities	(101,231)	(110,339)
	(43,249)	(23,576)

(a) Deferred tax assets and liabilities recognized:

Deferred tax assets and liabilities recognized and movements thereon during the current and prior years are as follows:

	Fair value adjustment on business combination RMB'000	Revaluation of other equity securities RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Unrealized profits in inventories RMB'000	Impairments RMB'000	Tax losses RMB'000	Other RMB'000	Total RMB'000
At 1 January 2024	(119,446)	34,457	(23,594)	26,037	1,550	9,937	990	6,150	(63,919)
Credited/(charged) to profit or loss for the year	9,107	-	11,567	(10,789)	6,558	5,878	(667)	(506)	21,148
Credited to reserves for the year	-	19,195	-	-	-	-	-	-	19,195
At 31 December 2024 and 1 January 2025	(110,339)	53,652	(12,027)	15,248	8,108	15,815	323	5,644	(23,576)
Credited/(charged) to profit or loss for the year	9,108	-	9,285	(9,175)	(398)	(3,005)	(323)	1,906	7,398
Charged to reserves for the year	-	(27,071)	-	-	-	-	-	-	(27,071)
At 31 December 2025	(101,231)	26,581	(2,742)	6,073	7,710	12,810	-	7,550	(43,249)

By reference to financial budgets, the management of the Group believes that there will be sufficient future taxable profits or taxable temporary differences available in the future to utilize the deferred tax assets.

33 DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)**(b) Deferred tax assets not recognized**

No deferred tax assets were recognized on the tax losses of approximately RMB834,435,000 as of 31 December 2025 (2024: RMB773,765,000) as the Group determines that the realization of the related tax benefit through future taxable profits is not probable.

The unrecognized tax losses will expire in the following years:

	As at 31 December	
	2025	2024
	RMB'000	<i>RMB'000</i>
2026	22,134	22,284
2028	6,787	65,672
2029	1,836	1,836
2030	115,862	–
No expiry	687,816	683,973
	834,435	773,765

(c) Deferred tax liabilities not recognized

Under the tax laws of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries to overseas investors from 1 January 2008 onwards. As the Company controls the dividend policy of its PRC subsidiaries, it has the ability to control the timing of the reversal of temporary differences associated with the investment in subsidiaries. Furthermore, the Company has determined that those profits earned by its PRC subsidiaries will not be distributed to overseas investors in the foreseeable future. As such, deferred taxation has not been provided for in respect of temporary differences attributable to accumulated profits of PRC subsidiaries of RMB2,010,650,000 at 31 December 2025 (2024: RMB1,565,490,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

34 ISSUED EQUITY

(a) The issued equity of the Group:

	2025 RMB'000	2024 RMB'000
At 1 January/At 31 December		
Issued shares of HK\$0.10 each and share premium	5,887,384	5,887,384

The amount of issued equity of the Group as at 31 December 2025 and 2024 includes share capital and share premium in the consolidated statement of financial position.

(b) The details of share capital of the Company are as follows:

	2025		2024			
	Number of shares '000	Nominal value HK\$'000	Equivalent to RMB'000	Number of shares '000	Nominal value HK\$'000	Equivalent to RMB'000
Authorized:						
Ordinary shares par value of HK\$0.10 each	80,000,000	8,000,000		80,000,000	8,000,000	
Issued and fully paid:						
At 1 January and at 31 December	7,024,456	702,446	691,750	7,024,456	702,446	691,750
				Number of shares	Nominal Value HK\$'000	
Preference shares						
Authorized:						
Preference shares of HK\$1,000,000 each				316	316,000	

No preference shares were issued at 31 December 2025 and 2024.

35 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from previous years.

The Group monitors its capital structure on the basis of debt-to-equity ratio, which is calculated based on interest-bearing debt divided by total equity. The debt-to-equity ratio of the Group as at 31 December 2025 was 13.16% (2024: 17.59%).

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

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable is limited because the counterparties are mainly banks and financial institutions for which the Group considers to have low credit risk.

As at 31 December 2025, the Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0 – 90 days from the date of billing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
within 1 year	0.08%	179,064	(143)
more than 3 years	100.00%	2,596	(2,596)
		181,660	(2,739)

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
within 1 year	0.11%	71,059	(78)
more than 3 years	100.00%	2,811	(2,811)
		73,870	(2,889)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of credit borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows based on the contractual undiscounted payments of the Group's financial liabilities at the end of the reporting period.

	2025				Total RMB'000	Carrying amount RMB'000
	Contractual undiscounted cash outflow	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 years RMB'000		
	Within 1 year or on demand RMB'000					
Trade and bills payables	4,419,506	-	-	-	4,419,506	4,419,506
Other payables measured at amortized cost	1,337,392	-	-	-	1,337,392	1,337,392
Bank and other borrowings	857,118	269,148	403,941	-	1,530,207	1,482,989
Lease liabilities	19,022	4,813	1,338	-	25,173	24,290
	6,633,038	273,961	405,279	-	7,312,278	7,264,177

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk (continued)

	2024					Carrying amount <i>RMB'000</i>
	Contractual undiscounted cash outflow	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 year but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	
	Within 1 year or on demand <i>RMB'000</i>					
Trade and bills payables	3,287,471	–	–	–	3,287,471	3,287,471
Other payables measured at amortized cost	1,081,466	–	–	–	1,081,466	1,081,466
Bank and other borrowings	906,779	329,741	652,771	–	1,889,291	1,816,546
Lease liabilities	27,370	27,478	–	–	54,848	53,670
	5,303,086	357,219	652,771	–	6,313,076	6,239,153

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk in relation to variable-rate borrowings (see note 31 for details of the borrowings). Cash flow interest rate risk in relation to bank balances is considered insignificant. Interest rate risk is managed by the management of the Group on an ongoing basis with the primary objective of limiting the extent to which interest expense could be affected by adverse movement in interest rates.

Sensitivity analysis

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained earnings by approximately RMB4,233,000 (2024: RMB5,990,000). Other components of consolidated equity would have increased/decreased by nil (2024: nil) in response to the general increase/decrease in interest rates.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) **Interest rate risk (continued)**

Sensitivity analysis (continued)

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from variable-rate borrowings held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates.

(d) **Currency risk**

Several subsidiaries of the Group have foreign currency transactions, which expose the Group to currency risk. Since the monetary items denominated in foreign currencies are not significant, the Group considers the currency risk was insignificant. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considering hedging significant foreign currency exposure should such need arise.

Monetary assets and monetary liabilities denominated in foreign currency including mainly cash and bank balances, trade payables, other payables and borrowings that are subject to currency risk at the end of the reporting period are as follows, differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
US\$	31,496	57,693	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (Continued)

Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025			2024		
	Increase/ (decrease) in foreign exchange rates	Effect on results of the year and retained profits RMB'000	Effect on other components of equity RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on results of the year and retained profits RMB'000	Effect on other components of equity RMB'000
US\$	10%	3,150	-	10%	5,769	-
	(10%)	(3,150)	-	(10%)	(5,769)	-

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' results of year and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2024.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value at 31 December 2025 RMB'000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Unlisted equity securities	195,805	–	–	195,805
Bills receivable	32,230	–	–	32,230
Other receivables – forward foreign exchange contracts	491	–	491	–
Total	228,526	–	491	228,035

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value (continued)

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

	Fair value at	Fair value measurements as at		
	31 December 2024	31 December 2024 categorised into		
	RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Unlisted equity securities	87,522	–	–	87,522
Bills receivable	176,069	–	–	176,069
Other payables – forward foreign exchange contracts	(37,966)	–	(37,966)	–
Total	225,625	–	(37,966)	263,591

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which 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 year end.

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value (continued)

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

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Rate	Inter-relationship between significant unobservable inputs and fair value measurement
Unlisted equity securities	Market comparable companies	Discount for lack of marketability (DLOM)	30%	The higher the DLOM, the lower the fair value
Bills receivable	Discounted cash flow method	Discount rate	2%	The higher the discount rate, the lower the fair value

- The valuation model of the fair value of unlisted equity securities is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities and price to book value of the investee.
- The fair value of bills receivable is measured using discounted cash flow method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

36 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value (continued)

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

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

	2025 RMB'000	2024 RMB'000
Unlisted equity securities:		
At 1 January	87,522	164,353
Changes in fair value during the year	108,283	(76,831)
At 31 December	195,805	87,522

	2025 RMB'000	2024 RMB'000
Bills receivable		
At 1 January	176,069	69,122
Net (decrease)/increase	(143,839)	106,947
At 31 December	32,230	176,069

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

The directors of the Company consider there is no significant difference between the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements and their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

37 CONTINGENT LIABILITIES

As at 31 December 2025 and 2024, the Group had no material contingent liabilities.

38 COMMITMENTS

Capital commitment

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	93,976	36,127

39 RELATED PARTY TRANSACTIONS

The major related parties that had transactions with the Group during the year ended 31 December 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 companies

Sinochem Group
(中國中化集團有限公司) (indirect holding company since 23 December 2025)

China National Chemical Corporation (indirect holding company before 23 December 2025)
(中國化工集團有限公司)

Syngenta Group Co., Ltd. (indirect holding company before 23 December 2025)
(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
(中化現代農業有限公司)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

The major related parties that had transactions with the Group during the year ended 31 December 2025 and 2024 were as follows: (continued)

Fellow subsidiaries (continued)

China National Seed
(中國種子集團有限公司)

Andorra (Beijing) Agricultural Technology Co., Ltd.
(安道麥(北京)農業技術有限公司)

Syngenta (China) Investment Co., Ltd.
(先正達(上海)作物保護科技有限公司)

ADAMA Anpon (Jiangsu) Co., Ltd.
(安道麥輝豐(江蘇)有限公司)

Adama Hui Feng (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)

Beijing Junmao Real Estate Co., Ltd.
(北京俊茂置業有限公司)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

The major related parties that had transactions with the Group during the year ended 31 December 2025 and 2024 were as follows: (continued)

Fellow subsidiaries (continued)

Ningxia Ruitai Technology Co., Ltd.
(寧夏瑞泰科技股份有限公司)

Shenyang Research Institute of Chemical Industry Co., Ltd.
(瀋陽化工研究院有限公司)

Zhangye Sanbei Seeds Co., Ltd.
(張掖市三北種業有限公司)

Adama Ltd.
(安道麥股份有限公司)

Sinochem Jinmao Property Management (Beijing) Co., Ltd.
(中化金茂物業管理(北京)有限公司)

Sinochem Environmental Technology Engineering Co., Ltd.
(中化環境科技工程有限公司)

Sinochem Digital Intelligence Co., Ltd.
(中化數智科技有限公司)

Zhonglanchanghuagongcheng Science & Technology Co., Ltd.
(中藍長化工程科技有限公司)

Zhonglan Lianhai Design and Research Institute Co., Ltd.
(中藍連海設計研究院有限公司)

Qinghai Yanyun Potassium Salt Co., Ltd.
(青海鹽雲鉀鹽有限公司)

Shandong Dacheng Environmental Restoration Co., Ltd.
(山東大成環境修復有限公司)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

The major related parties that had transactions with the Group during the year ended 31 December 2025 and 2024 were as follows: (continued)

Associates

Yangmei Pingyuan
(陽煤平原化工有限公司)

Beijing Aerospace Hengfeng
(北京航天恒豐科技股份有限公司)

Yitong Digital Technology, also a fellow subsidiary of the Company
(益通數科科技股份有限公司)

Joint ventures

Three Circles-Sinochem
(雲南三環中化化肥有限公司)

Gansu Wengfu
(甘肅甕福化工有限責任公司)

Other related party

Qinghai Salt Lake Industry Co., Ltd.
(青海鹽湖工業股份有限公司)

Associates of a former indirect holding company

Heilongjiang Beidahuang Agrochemical Technology Co., Ltd.
(黑龍江北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 before 14 March 2025

Canpotex International Pte. Limited

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the year:

	2025 RMB'000	2024 RMB'000
Sales of fertilizers to		
Joint ventures	419,825	230,272
Associates of a former indirect holding company	112,552	68,205
Fellow subsidiaries	906,447	1,006,499
Associates	17,991	50,344
	1,456,815	1,355,320
Purchases of fertilizers from		
Joint ventures	1,587,343	1,614,382
Associates	97,795	130,133
A subsidiary of a shareholder with significant influence over the company	143,210	494,438
Indirect holding company	59,496	–
Fellow subsidiaries	468,399	523,643
Associates of a former indirect holding company	3,160	2,788
Other related party	537,577	695,545
	2,896,980	3,460,929
Commission received from a fellow subsidiary	1,392	1,731
Import service fee payable to a fellow subsidiary	12,521	11,758
Information service fee paid to fellow subsidiaries	16,107	9,754
Technical consulting service fee paid to a fellow subsidiary	50,347	67,419
Rental and management fee payable to fellow subsidiaries	14,002	11,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the year: (continued)

	2025 RMB'000	2024 RMB'000
Loans to related parties		
Fellow subsidiaries	200,000	800,000
An associate	–	167,667
	200,000	967,667
Loans from related parties		
A fellow subsidiary	9,435	21,597
Placements of time deposits from a fellow subsidiary	5,050,000	2,900,000
Withdrawals of time deposits from a fellow subsidiary	1,850,000	950,000
Repayments of loans from a fellow subsidiary	77,711	34,412
Repayments of loans to a fellow subsidiary	300,000	1,300,000
Interest income from loans to fellow subsidiaries	2,673	10,572

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties during the year: (continued)

	2025 RMB'000	2024 RMB'000
Interest expense to related parties		
Ultimate holding company	609	609
A fellow subsidiary	5,622	7,703
	6,231	8,312
Service fee to a fellow subsidiary	265	381
Interest income of financial assets and deposits from a fellow subsidiary	66,505	22,930

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 RMB5,169,855,000 and RMB5,110,359,000, respectively (2024: RMB4,944,842,000 and RMB4,893,626,000, respectively). Sinochem Group is acting as an agent of the Group. No agency fee was charged by Sinochem Group.

- (b) As at the end of the reporting period, the Group has the following material balances with its related parties:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables	9,827	23,045
Other receivables and prepayments	498,706	448,244
Trade and bills payables	867,318	383,923
Other payables	22,641	14,543
Contract liabilities	23,588	59,417
Loans to fellow subsidiaries	200,000	300,000
Loans from the ultimate holding company	44,390	44,390
Loans from a fellow subsidiary	175,157	243,433
Time deposits	3,269,031	1,969,024
Cash and cash equivalents	1,538,216	900,157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

39 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Compensation of key management personnel

Key management personnel are Group's directors and senior executives. Remuneration paid or payable to the directors was disclosed in note 10, and was determined by the Remuneration Committee according to individual performance and relevant comparable market statistics. Remuneration paid or payable to senior executives is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other benefits	2,138	2,149
Performance related incentive payment	2,425	2,759
Retirement benefits scheme contribution	137	123
	4,700	5,031

(d) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by Chinese government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under Sinochem Holdings which are controlled by Chinese government. Apart from the transactions with Sinochem Holdings and fellow subsidiaries and other related parties as disclosed above, the Group also conducts business with other government-related entities. The directors of the Company consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

40 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Group as at 31 December 2025 and 2024:

Name of subsidiaries	Place of incorporation/ registration	Place of principal operation	Issued capital/ registered capital	Proportion ownership interest held by the Group		Principal activities
				2025	2024	
Calorie Ltd.	Hong Kong	Hong Kong	34,000 shares	100%	100%	Investment holding
Sinochem Fertilizer (中化化肥有限公司) (note a)	The PRC	The PRC	RMB11,300,000,000	100%	100%	Fertilizer trading
Dohigh Trading Limited (敦尚貿易有限公司)	Hong Kong	Hong Kong	15,000,000 shares	100%	100%	Fertilizer trading
Sinochem Fertilizer Macao Limited (中化化肥澳門有限公司)	Macao SAR	Macao SAR	100,000 shares	100%	100%	Fertilizer trading
Fujian Sinochem Zhisheng Chemical Fertilizer Co., Ltd. (福建中化智勝化肥有限公司)	The PRC	The PRC	RMB47,000,000	53.19%	53.19%	Sales and manufacturing of fertilizers
Sinochem Fuling (中化重慶涪陵化工有限公司)	The PRC	The PRC	RMB1,058,000,000	74.56%	74.56%	Sales and manufacturing of fertilizers

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

40 PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation/ registration	Place of principal operation	Issued capital/ registered capital	Proportion ownership interest held by the Group		Principal activities
				2025	2024	
Sinochem Yunlong (中化雲龍有限公司)	The PRC	The PRC	RMB500,000,000	100%	100%	Sales and manufacturing of feeds stuff
Manzhouli Kaiming Fertilizer Co., Ltd. <i>(note b)</i> (滿洲里凱明化肥有限公司)	The PRC	The PRC	RMB5,000,000	100%	100%	Fertilizer trading
Sinochem Jilin Changshan Chemical Co., Ltd. <i>(note b)</i> (中化吉林長山化工有限公司)	The PRC	The PRC	RMB2,838,650,000	98.16%	98.16%	Sales and manufacturing of fertilizers
Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd. <i>(note b)</i> (中化農業生態科技(湖北)有限公司)	The PRC	The PRC	RMB300,000,000	98%	98%	Sales and manufacturing of fertilizers
Sinochem Shandong Fertilizer Co., Ltd. <i>(note b)</i> (中化山東肥業有限公司)	The PRC	The PRC	RMB100,000,000	91%	91%	Sales and manufacturing of fertilizers
Sinochem Agriculture (Xinjiang) Biotech Co., Ltd. <i>(note b)</i> (中化農業(新疆)生物科技有限公司)	The PRC	The PRC	RMB150,000,000	100%	100%	Sales and manufacturing of fertilizers
Sinochem Agriculture (Linyi) R&D Centre Co., Ltd. <i>(note b)</i> (中化農業(臨沂)研發中心有限公司)	The PRC	The PRC	RMB122,300,000	100%	100%	Development of agriculture products
Sinochem Agricultural Ecological (Hainan) Co., Ltd. <i>(note a)</i> (中化(海南)農業生態有限公司)	The PRC	The PRC	RMB750,000,000	100%	100%	Fertilizer trading
Sinochem Linyi Crop Nutrition Co., Ltd. <i>(note a)</i> (中化(臨沂)作物營養有限公司)	The PRC	The PRC	US\$10,000,000	100%	100%	Fertilizer trading

Note a: Foreign-invested enterprise

Note b: Domestic company

40 PRINCIPAL SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

The directors of the Company are of the opinion that none of its subsidiaries has non-controlling interests material to the Group.

41 RETIREMENT BENEFITS SCHEME CONTRIBUTION

According to the relevant laws and regulations in the Mainland China, Hong Kong and Macao SAR, the Group's certain subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The contribution to fund the retirement benefits of the employees are calculated based on certain percentage of the average employee salary as agreed by local municipal government to the scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution under the schemes. Contributions to the schemes vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

42 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	4,618,638	4,724,292
Amounts due from subsidiaries	1,670,577	1,705,623
Other non-current assets	145,950	285,582
	6,435,165	6,715,497
Current asset		
Cash and cash equivalents	19,055	1,876
Current liabilities	164,670	168,034
Net current liabilities	(145,615)	(166,158)
Total assets less current liabilities	6,289,550	6,549,339
NET ASSETS	6,289,550	6,549,339
CAPITAL AND RESERVES		
Issued equity	5,887,384	5,887,384
Contributed surplus	102,907	355,678
Exchange reserve	(289,066)	(143,728)
Retained earnings	588,325	450,005
TOTAL EQUITY (note)	6,289,550	6,549,339

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

42 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Issued equity <i>RMB'000</i>	Contributed surplus <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total equity <i>RMB'000</i>
Balance at 1 January 2024	5,887,384	670,469	(272,495)	144,041	6,429,399
Changes in equity for 2024					
Profit for the year	–	–	–	305,964	305,964
Other comprehensive income for the year	–	–	128,767	–	128,767
Dividends approved in respect of the previous year (<i>note 12</i>)	–	(314,791)	–	–	(314,791)
Balance at 31 December 2024 and 1 January 2025	5,887,384	355,678	(143,728)	450,005	6,549,339
Profit for the year	–	–	–	409,231	409,231
Other comprehensive income for the year	–	–	(145,338)	–	(145,338)
Dividends approved in respect of the previous year (<i>note 12</i>)	–	(252,771)	–	(270,911)	(523,682)
Balance at 31 December 2025	5,887,384	102,907	(289,066)	588,325	6,289,550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB unless otherwise indicated)

43 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 30 January 2024, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, has provided a loan of RMB167,667,000 to Yangmei Pingyuan, an associate of the Company, for its resettlement of employees (the “Employee Loans”). The management of the Company have assessed the recoverability of the loan taking into account the operating status and future cashflow forecast of Yangmei Pingyuan, and recognized expected credit losses in full amount for the year ended 31 December 2024.

On 5 February 2026, the People’s Court of Pingyuan County, Shandong Province, approved the bankruptcy reorganization plan of Yangmei Pingyuan. Pursuant to the reorganization plan, the Employee Loans will be repaid in cash at a ratio of 66.137%. The Company estimates that the expected recoverable amount of the Employee Loans will be approximately RMB110,890,000 based on the aforesaid repayment ratio. As at the date of this report, the aforesaid amount has not yet been received.

44 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	23,263,105	21,264,854	21,728,120	23,002,701	22,641,396
Profit before tax	1,548,747	1,224,010	846,235	1,186,723	900,122
Income tax	(275,443)	(149,019)	(162,119)	(61,777)	(19,615)
Profit for the year	1,273,304	1,074,991	684,116	1,124,946	880,507
Profit attributable to					
– Owners of the Company	1,259,377	1,061,480	625,549	1,117,206	866,612
– Non-controlling interests	13,927	13,511	58,567	7,740	13,895
	1,273,304	1,074,991	684,116	1,124,946	880,507

At 31 December

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Total assets	23,588,350	21,417,216	21,982,901	20,821,811	17,494,493
Total liabilities	(12,133,883)	(10,782,098)	(12,064,117)	(11,090,165)	(8,510,769)
Net assets	11,454,467	10,635,118	9,918,784	9,731,646	8,983,724

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This annual report is printed on environmental friendly paper