# SINOFERT HOLDINGS LIMITED
# 中化化肥控股有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 297)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

### FINANCIAL HIGHLIGHTS

- The Group's revenue for the year was RMB21,265 million (2023: RMB21,728 million), decreased by 2.13% year on year
- Profit for the year attributable to owners of the Company was RMB1,061 million (2023: RMB626 million), increased by 69.49% year on year
- Basic earnings per share for the year was RMB0.1511 (2023: RMB0.0891), increased by 69.49% year on year
- The Board recommended the payment of a final dividend of HK$0.0571 per share (equivalent to approximately RMB0.0529 per share) (2023: HK$0.0491, equivalent to approximately RMB0.0445, per share) for the year ended 31 December 2024 to the shareholders, increased by 16.29% per share in HKD year on year

## CHAIRMAN'S STATEMENT

To shareholders,

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

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

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

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

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

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

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

## MANAGEMENT REVIEW AND PROSPECT

### Business Environment

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

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

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

**Financial Performance**

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

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

**Research and Development**

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

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

**Basic Business Segment**

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

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

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

**Growth Business Segment**

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

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

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

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

**Production Business Segment**

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

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

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

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

## Digital Service Innovation

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

## Internal Control and Management

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

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

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

**Social Responsibility**

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

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

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

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

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

**Outlook**

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

## I. OPERATION SCALE

### (I) Sales volume

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

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

## (II) Revenue

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

**Table 1:**

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

## (III) Revenue and results by segment

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

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

**Table 2:**

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

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

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

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

## II. PROFIT

### (I) Share of results of joint ventures and associates

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

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

### (II) Income tax

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

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

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

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

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

## III. EXPENSES

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

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

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

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

## IV. OTHER INCOME AND GAINS

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

## V. OTHER EXPENSES AND LOSSES

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

## VI. INVENTORIES

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

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

## VII. TRADE AND BILLS RECEIVABLES

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

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

## VIII. LOANS TO A FELLOW SUBSIDIARY

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

## IX. GOODWILL

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

**Table 3:**

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

**Table 4:**

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

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

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

## X. INTERESTS IN JOINT VENTURES AND ASSOCIATES

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

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

## XI. OTHER EQUITY SECURITIES

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

## XII. INTEREST-BEARING LIABILITIES

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

## XIII. TRADE AND BILLS PAYABLES

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

## XIV. OTHER PAYABLES AND PROVISION

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

## XV. OTHER FINANCIAL INDICATORS

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

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

**Table 5:**

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

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

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

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

**Table 6:**

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

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

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

## XVI. LIQUIDITY AND FINANCIAL RESOURCES

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

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

**Table 7:**

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

**Table 8:**

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

**Table 9:**

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

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

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

## XVII. OPERATIONAL AND FINANCIAL RISKS

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

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

### Environmental and social risks

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

**Cyber risk and security**

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

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

**Risks associated with data fraud or theft**

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

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

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

**Market risk**

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

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

**Credit risk**

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

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

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

**Liquidity risk**

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

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

## XVIII. CONTINGENT LIABILITIES

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

## XIX. CAPITAL COMMITMENT

**Table 10:**

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

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

## XX. HUMAN RESOURCES

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

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

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

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

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

The board of directors (the "Board") of Sinofert Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024, together with the comparative figures for prior year as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2024*

| | Note | **2024** | 2023 |
|---|---|---|---|
| | | ***RMB'000*** | *RMB'000* |
| **Revenue** | *3(a)* | **21,264,854** | 21,728,120 |
| Cost of sales | | **(18,721,016)** | (19,468,573) |
| **Gross profit** | | **2,543,838** | 2,259,547 |
| Other income and gains | | **236,762** | 339,782 |
| Selling and distribution expenses | | **(608,101)** | (581,849) |
| Administrative expenses | | **(757,104)** | (641,812) |
| Other expenses and losses | *4(a)* | **(357,452)** | (389,945) |
| **Profit from operations** | | **1,057,943** | 985,723 |
| Share of results of associates | | **36,346** | (60,609) |
| Share of results of joint ventures | | **187,100** | 185,387 |
| Impairment of interests in an associate | | **–** | (194,624) |
| Finance costs | *4(b)* | **(57,379)** | (69,642) |
| **Profit before taxation** | *4* | **1,224,010** | 846,235 |
| Income tax | *5* | **(149,019)** | (162,119) |
| **Profit for the year** | | **1,074,991** | 684,116 |
| **Profit for the year attributable to:** | | | |
| – Owners of the Company | | **1,061,480** | 625,549 |
| – Non-controlling interests | | **13,511** | 58,567 |
| | | **1,074,991** | 684,116 |

| | Note | 2024<br>*RMB'000* | 2023<br>*RMB'000* |
|---|---|---|---|
| **Profit for the year** | | **1,074,991** | 684,116 |
| **Other comprehensive income** | | | |
| *Item that will not be reclassified to profit or loss:* | | | |
| Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling) | | **(57,636)** | (18,488) |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences on translation of financial statements of overseas operations | | **16,770** | 4,343 |
| **Other comprehensive income for the year** | | **(40,866)** | (14,145) |
| **Total comprehensive income for the year** | | **1,034,125** | 669,971 |
| **Total comprehensive income attributable to:** | | | |
| – Owners of the Company | | **1,020,614** | 611,404 |
| – Non-controlling interests | | **13,511** | 58,567 |
| | | **1,034,125** | 669,971 |
| **Earnings per share** | | | |
| Basic and diluted (RMB) | *7* | **0.1511** | 0.0891 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2024*

| | | As at 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Non-current assets** | | | |
| Property, plant and equipment | | **4,531,219** | 4,580,075 |
| Right-of-use assets | | **698,789** | 698,589 |
| Mining rights | | **265,276** | 292,527 |
| Intangible assets | | **34,942** | 10,198 |
| Goodwill | | **861,053** | 854,137 |
| Interests in associates | | **359,690** | 335,821 |
| Interests in joint ventures | | **797,889** | 773,035 |
| Other equity securities | | **87,522** | 164,353 |
| Loan to an associate | | **–** | – |
| Prepayments for acquisition of property, plant and equipment | | **12,103** | 52,752 |
| Time deposits | | **1,262,193** | – |
| Deferred tax assets | | **86,763** | 55,527 |
| Other long-term assets | | **28,858** | 37,547 |
| | | **9,026,297** | 7,854,561 |
| **Current assets** | | | |
| Inventories | | **5,225,191** | 5,683,619 |
| Trade and bills receivables | *8* | **292,574** | 469,532 |
| Other receivables and prepayments | | **1,803,090** | 2,032,441 |
| Other current assets | | **929,541** | 895,995 |
| Loans to a fellow subsidiary | | **300,000** | 800,000 |
| Other financial assets | | **–** | 13,046 |
| Restricted bank deposits | | **30,155** | 326,574 |
| Time deposits | | **706,831** | – |
| Cash and cash equivalents | | **3,103,537** | 3,907,133 |
| | | **12,390,919** | 14,128,340 |
| **Current liabilities** | | | |
| Trade and bills payables | *9* | **3,287,471** | 3,771,752 |
| Contract liabilities | | **4,229,800** | 4,797,013 |
| Other payables and provision | | **1,119,432** | 1,409,151 |
| Bank and other borrowings | | **872,681** | 588,013 |
| Lease liabilities | | **26,557** | 24,514 |
| Tax liabilities | | **77,044** | 41,378 |
| | | **9,612,985** | 10,631,821 |

| | | As at 31 December | |
|---|---|---|---|
| | | **2024** | 2023 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Net current assets** | | **2,777,934** | 3,496,519 |
| **Total assets less current liabilities** | | **11,804,231** | 11,351,080 |
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **943,865** | 1,200,845 |
| Lease liabilities | | **27,113** | 15,596 |
| Deferred income | | **67,208** | 76,065 |
| Deferred tax liabilities | | **110,339** | 119,446 |
| Other long-term liabilities | | **20,588** | 20,344 |
| | | **1,169,113** | 1,432,296 |
| **NET ASSETS** | | **10,635,118** | 9,918,784 |
| **CAPITAL AND RESERVES** | | | |
| Issued equity | | **5,887,384** | 5,887,384 |
| Reserves | | **4,529,882** | 3,824,059 |
| Total equity attributable to owners of the Company | | **10,417,266** | 9,711,443 |
| Non-controlling interests | | **217,852** | 207,341 |
| **TOTAL EQUITY** | | **10,635,118** | 9,918,784 |

### 1. GENERAL

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

– financial instruments classified as other equity securities;

– derivative financial instruments; and

– bills receivable.

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

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

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

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

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

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

Besides the aforementioned, the accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2023.

## 3. REVENUE AND SEGMENT REPORTING

### (a) Revenue

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

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

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

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

### (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; and
- Production: production and sales business of Sinochem Yunlong, Sinochem Fuling and Sinochem Changshan.

*(i)* ***Segment results***

The accounting policies of the operating segments are the same as the Group's accounting policies. 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.

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

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

***(ii) Other segment information***

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

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

***(iii) Geographical information***

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

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

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

## 4. PROFIT BEFORE TAXATION

### (a) Other expenses and losses

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

### (b) Financial costs

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

## (c) Other items

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Depreciation charge | | |
| – owned property, plant and equipment | **360,459** | 323,806 |
| – right-of-use assets | **52,535** | 62,154 |
| Amortization of mining rights | **27,251** | 27,087 |
| Amortization of other long-term assets | **26,681** | 16,490 |
| Amortization of intangible assets | **5,201** | 3,187 |
| Rental income | **(9,262)** | (9,252) |
| Interest income from a fellow subsidiary | **(10,572)** | (11,872) |
| Interest income from time deposits | **(28,402)** | – |
| Other interest income | **(71,292)** | (98,869) |
| Government grants | **(7,657)** | (7,013) |
| Release of deferred income | **(9,857)** | (7,768) |
| Insurance claims received | **(3,104)** | (1,612) |
| Write-back of payables | **(3,388)** | (4,092) |
| Net gain on disposal of property, plant and equipment and others | **(60,864)** | (148,105) |
| Gain on disposal of a subsidiary | **(1,397)** | – |
| Foreign exchange income | **(6,907)** | – |

## 5. INCOME TAX

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

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

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

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

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

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

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

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

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

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

## 6. DIVIDENDS

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

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

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

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

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

## 7. EARNINGS PER SHARE

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

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

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

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

## 8. TRADE AND BILLS RECEIVABLES

| | As at 31 December | |
|---|---|---|
| | 2024 | 2023 |
| | *RMB'000* | *RMB'000* |
| Trade receivables | **73,870** | 45,001 |
| Less: loss allowance *(note (b))* | **(2,889)** | (2,978) |
| | **70,981** | 42,023 |
| Bills receivable | **227,893** | 433,809 |
| Less: loss allowance *(note (b))* | **(6,300)** | (6,300) |
| | **221,593** | 427,509 |
| Total trade and bills receivables, net of loss allowance | **292,574** | 469,532 |

As at 31 December 2024, the bills receivable that the Group has endorsed or discounted and de-recognized but not yet matured amounted to RMB128,536,000 (2023: RMB279,972,000).

As at 31 December 2024, none of bills receivable was pledged (2023: RMB55,343,000).

**(a) Aging analysis of trade and bills receivables**

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

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **203,910** | 285,569 |
| More than 3 months but within 6 months | **86,944** | 183,223 |
| More than 6 months but within 12 months | **1,720** | 740 |
| | **292,574** | 469,532 |

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

**(b) Loss allowance of trade and bills receivables**

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

| | **2024** | 2023 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Balance at 1 January | **9,278** | 14,220 |
| Reversal of impairment recognized | **(89)** | (4,942) |
| Balance at 31 December | **9,189** | 9,278 |

## 9. TRADE AND BILLS PAYABLES

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Trade payables | **2,635,838** | 3,227,044 |
| Bills payable | **651,633** | 544,708 |
| Trade and bills payables | **3,287,471** | 3,771,752 |

As at the end of the reporting period, the aging analysis of trade and bills payables presented based on the invoice date is as follows:

| | As at 31 December | |
|---|---|---|
| | **2024** | 2023 |
| | ***RMB'000*** | *RMB'000* |
| Within 3 months | **2,511,492** | 3,135,842 |
| More than 3 months but within 6 months | **671,879** | 607,450 |
| More than 6 months but within 12 months | **63,693** | 13,719 |
| Over 12 months | **40,407** | 14,741 |
| | **3,287,471** | 3,771,752 |

## FINAL DIVIDEND

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

Further announcement will be made in respect of the date of closure of the register of members and the date of the forthcoming annual general meeting.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three members, including Mr. Sun Po Yuen as Chairman, Mr. Ko Ming Tung, Edward and Mr. Lu Xin as members, all of whom are independent non-executive directors of the Company.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, financial control, internal controls system, risk management and financial reporting matters including the review of the consolidated financial statements of the Company for the year ended 31 December 2024.

## SCOPE OF WORK OF KPMG ON THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

## 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 2024 and as at the date of this announcement, the Company did not hold any treasury shares (including any treasury shares held or deposited in Central Clearing and Settlement System).

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and its amendments from time to time as its own code of conduct regarding securities transaction by directors. Having made specific enquiries with all directors of the Company, all directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

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

## CORPORATE GOVERNANCE STANDARDS

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

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

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

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

Save as disclosed above, please refer to the "Corporate Governance Report" contained in the Company's 2024 annual report for more information about the corporate governance practices of the Company to be published soon.

**BOARD OF DIRECTORS**

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

For and on behalf of the Board of
**SINOFERT HOLDINGS LIMITED**
**Su Fu**
*Chairman for the Board*

Hong Kong, 25 March 2025