中化化肥控股有限公司

SINOFERT HOLDINGS LIMITED

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

2026 INTERIM REPORT

NURTURING CHINA'S AGRICULTURE SECTOR

CONTENTS

Definitions

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

Term	Definition
"Audit Committee"	the audit committee of the Company established by the Board in 1999
"Board"	the board of Directors of the Company
"Bye-law(s)"	the bye-law(s) of the Company, as amended, modified or otherwise supplemented from time to time
"Company"	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
"connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the same meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules
"Corporate Governance Committee"	the corporate governance committee of the Company established by the Board in 2012
"Director(s)"	the director(s) of the Company
"ESG"	Environmental, Social and Governance
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"HSE"	Health, Safety and Environment
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Macao"	Macao Special Administrative Region of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Nomination Committee"	the nomination committee of the Company established by the Board in 2005

Term	Definition
"PRC" or "China"	the People's Republic of China
"Remuneration Committee"	the remuneration committee of the Company established by the Board in 2005
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	registered holder(s) of Shares
"Sinochem Fertilizer"	中化化肥有限公司 (Sinochem Fertilizer Company Limited), an indirect wholly-owned subsidiary of the Company
"Sinochem Holdings"	中國中化控股有限責任公司 (Sinochem Holdings Corporation Ltd.), the ultimate controlling shareholder of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Company established by the Board in 2024
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"US$"	United States dollars, the lawful currency of the United States of America
"%"	percent

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Non-Executive Director

Ms. ZHANG Guangyan

Independent Non-Executive Directors

Mr. KO Ming Tung, Edward
Mr. LU Xin
Mr. SUN Po Yuen

Members of Committees

Audit Committee

Mr. SUN Po Yuen *(Chairman)*
Mr. KO Ming Tung, Edward
Mr. LU Xin
Ms. ZHANG Guangyan

Remuneration Committee

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

Nomination Committee

Mr. KO Ming Tung, Edward *(Chairman)*
Mr. LU Xin
Mr. SUN Po Yuen
Ms. WANG Ling

Corporate Governance Committee

Mr. WANG Tielin *(Chairman)*
Ms. CHEN Shengnan
Ms. WANG Ling

Strategy Committee

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

Chief Financial Officer

Ms. WANG Ling

Company Secretary

Ms. LAI Ying Tung

Authorized Representatives

Mr. WANG Tielin
Ms. WANG Ling

Auditors

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

Legal Adviser

Haiwen & Partners LLP

Principal Bankers

Bank of China
China Construction Bank
Industrial and Commercial Bank of China
Agricultural Bank of China
China Everbright Bank
Guangfa Bank Co., Ltd.
Bank of Tokyo-Mitsubishi
Rabobank International

Registered Office

Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Principal Place of Business

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

Share Registrars and Transfer Offices

Bermuda (Principal office)

Conyers Corporate Services (Bermuda) Limited
Richmond House
12 Par-la-Ville Road
Hamilton HM 08
Bermuda

Hong Kong (Branch)

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

Company Website

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Share Listing

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

Investor Relations

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CHAIRMAN'S STATEMENT

To Shareholders,

On behalf of the Board, I hereby present to the Shareholders on the Group's operating and development performance for the first half ended 30 June 2026.

In the first half of 2026, the outbreak of war between the United States, Israel and Iran in the Middle East profoundly impacted the global energy landscape and the stability of industrial and supply chains, triggering a rise in sulphur prices that drove international fertilizer prices to a near four-year high. Anchoring food security as the bottom line, the Chinese government improved the long-term mechanism for ensuring agricultural input supply and price stability, promoted fertilizer volume control and efficiency enhancement as well as green fertilization, and guided the industry's transformation and upgrading; it also implemented a series of measures including export controls on phosphate fertilizers, export quota management for urea, and the release of potassium fertilizer reserves as needed, to fully ensure the supply of fertilizers for spring ploughing agricultural production.

Overall, amid the interplay of domestic and external factors in the first half of the year, the overall operating environment was complex and challenging. In the face of the complex situation, the Group placed safeguarding food security at the forefront of its operations, earnestly fulfilling its social responsibility to ensure stable fertilizer supply. Leveraging its global resource acquisition capability, synergistic domestic production bases, and mature distribution channels, the Group stably supplied various base fertilizers and bio-fertilizers during the critical periods of spring ploughing and summer crop management. The Group took concrete actions to safeguard the orderly functioning of the fertilizer market, and received recognition from industry regulatory authorities and the market.

The Group adhered to the closed-loop management approach of comprehensive budgeting as the driving force, turning all annual operating targets and excellent operation measures into itemized lists. Responsibilities were firmly implemented at every level, to systemically address industry challenges, thus striving to stabilize the Group's core operational performance. In the first half of 2026, profit before taxation reached RMB1,504 million, representing a year-on-year increase of RMB142 million, maintaining steady development.

I. RESOLUTELY UPHOLDING AND FULFILLING THE RESPONSIBILITIES AND MISSION OF AN AGRIBUSINESS

The Group resolutely upheld and fulfilled the social responsibility of an agricultural enterprise in ensuring food security, taking multiple measures to assist in laying a solid foundation for stable grain production and a bumper harvest throughout the year. In the potash fertilizer business, the Group strengthened communication with major global suppliers, smoothly transitioned the 2025 and 2026 contracts, accelerated the execution of signed contracts, actively promoted the acquisition of potash resources, and achieved a 24% year-on-year increase in import volume. In the phosphate fertilizer business, the Group strengthened strategic centralized procurement capabilities, achieving a 25% year-on-year increase. In the sulphur business, through precise analysis of external conditions, the Group broadened procurement channels, locked in low-cost supply sources, balanced sulphuric acid production loads, and effectively mitigated upward cost pressures. The compound fertilizer production facilities of Sinochem Shandong Fertilizer Co., Ltd., a subsidiary of the Company, maintained high-efficiency operations throughout the period, with a single-day output in March reaching 3,024 tons, setting a historical record and providing strong support for market supply during the spring ploughing season.

II. ADHERING TO TECHNOLOGY-DRIVEN LEADERSHIP TO ADVANCE COORDINATED DEVELOPMENT OF R&D, PRODUCTION, AND MARKETING

The Group has adhered to technological innovation as the core driving force, continuously deepened the "Bio+" green transformation strategy, and steadily enhanced the synergy of R&D, production, and marketing integration. Leveraging core R&D platforms such as the National Engineering Research Center for Cultivated Land Protection and others, the Group promoted the operational launch of the "Semi-field (半田間)" biological testing platform, completed the project approval for the flexible fermentation platform, carried out 10 key technology breakthroughs, with 2 technologies advancing to the applied R&D stage, and completed the launch or transformation readiness of 4 products. In the first half of the year, bio-fertilizer sales reached 1.172 million tons, a year-on-year increase of 11%. Bio-fertilizer's gross profit accounted for 31% of overall gross profit, representing a year-on-year increase of approximately 3%, assisting in the steady growth of the Group's operating results and further solidifying its industry influence.

III. FIRMLY ADVANCING THE IMPLEMENTATION OF THE OPERATIONAL EXCELLENCE SYSTEM TO TAKE EFFECT

All controlled production enterprises under the Group steadfastly promoted operational excellence, deeply explored multi-dimensional paths to drive efficiency gains across existing operations, tempered a number of benchmark practical achievements, and built a complete management closed loop of "goal guidance, method support, and model demonstration". On the production raw material front, the Group dynamically optimized procurement strategies, improved the commodity price early warning mechanism, and advanced centralized procurement of key raw materials such as phosphate rock, coal, and sulphuric acid, as well as spare parts, achieving cumulative cost reductions of approximately RMB108 million. To effectively hedge against the cost impact of upstream raw material price increases such as sulphur and natural gas, the relevant production units engaged deeply in plant technological improvements, energy conservation and carbon reduction, and lean consumption reduction, so as to ensure the stability of high-load operation of core production facilities. In the first half of 2026, selling and administrative expenses were reduced by RMB66 million year-on-year, further enhancing the enterprise's profitability resilience. In 2026, the Group achieved new progress in ESG, receiving an A- rating from SynTao Green Finance.

IV. ADHERING TO CHANNEL EMPOWERMENT AND MARKETING SERVICES TO EXPAND MARKETS AND STABILIZE OPERATIONS

Facing the adverse industry impact of weak terminal demand and intensified price volatility, the Group adhered to the core strategy of channel empowerment, opened up the integrated pattern of full-chain marketing services, built a solid support for market competition, continuously penetrated township-level terminal channels. Leveraging the Nongdaquan (農達圈) and Nongxiaohui (農小惠) online platforms, the Group streamlined production-sales channels, enhanced circulation efficiency and terminal service effectiveness, precisely matched diverse market demands, and continuously optimized the service experience for farmers. In the first half of 2026, the Group established over 2,500 demonstration and trial fields nationwide, developed more than 40 technical integration solutions for large-scale per-unit yield improvement, and cumulatively organized over 45,000 field technical service activities, serving more than 500,000 farmers both online and offline, covering major grain and oil crops and cash crops. Through pragmatic measures at the grassroots level, the Group transformed core technological advantages into tangible results for grain yield increase and increased farmers' income, effectively resisting the pressure of weakening terminal demand through the dual drivers of channels and services.

At present, the fertilizer industry is in a critical stage of profound reform, transformation and upgrading. Facing challenges brought by geopolitical conflicts, the Group will maintain its strategic focus, adhere to prudent and steady operations, firmly advance the "Bio+" strategy, continuously deepen the integrated synergy of R&D, production and marketing, accelerate the transformation of technological achievements, deeply advance the implementation of the operational excellence system to take effect, and comprehensively consolidate core competitive strengths in all aspects. The Group will make every effort to ensure ample and stable supply of fertilizers for domestic agricultural production, and firmly safeguard the national food security bottom line. The Group will deeply cultivate the core business of benefiting and supporting farmers, take multiple measures to help farmers achieve bumper harvests and income growth, and actively serve the all-around rural revitalization strategy. The Group will continue to lead the green and low-carbon transformation of agriculture, empowering high-quality and sustainable agricultural development with high-quality agricultural inputs and comprehensive agronomic solutions. The Group will create long-term, stable and sustainable value returns for all Shareholders, living up to the trust and high expectations of farmers, Shareholders, and friends from all walks of life.

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

ZHANG Xuegong
Chairman of the Board

Hong Kong, 25 August 2026

JANUARY

As a core product of the "Bio+" strategy, the "Huanfeng (煥豐)" organic-inorganic fully water-soluble fertilizer was selected as a "2025 Annual Case Study of Quality Improvement and Brand Building in the Petroleum and Chemical Industry (2025年度石油和化工行業質量提升與品牌建設典型案例)".

FEBRUARY

The strategic cooperation between Sinochem Fertilizer and Anglo American PLC (英美資源集團) reached a milestone achievement, with the official launch of the jointly developed "Wandifu (萬地富)" potassium sulfate calcium-magnesium mineral fertilizer.

MARCH

Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd., a subsidiary of the Company, jointly held with China Mobile the "Empowering Manufacturing with Intelligence, Igniting a New Digital Journey: 5G Factory Launch" (「智賦製造 • 數啟新程」5G工廠啟動會), officially marking a key milestone in Sinochem Ecological's digital transformation. This cooperation closely follows the national Implementation Plan for Upgrading the '5G+ Industrial Internet' 512 Project (《打造"5G+工業互聯網"512工程升級版實施方案》) and is dedicated to building an industry-leading benchmark for 5G integrated applications, providing a practical model for high-quality development in the manufacturing sector.

Sinochem Fertilizer entered into an annual strategic cooperation framework agreement with Yunnan Xiangfeng Industrial Group, marking a new stage of comprehensive, in-depth and high-quality development in the strategic cooperation between both parties, thereby providing a solid guarantee for the supply of agricultural input.

APRIL

Ms. Alzbeta Klein, Secretary General of the International Fertilizer Association (IFA), and her delegation visited Sinochem Fertilizer. Both sides conducted in-depth exchanges on the current global fertilizer and grain market situation under the new geopolitical landscape and on deepening strategic cooperation and jointly promoting the sustainable development of the global fertilizer industry, while also engaging in forward-looking discussions on future collaboration directions.

The Group held a meeting to advance the Operational Excellence 2.0 (卓越運營2.0) system. The meeting focused on the comprehensive implementation of the "3C Model" (the closed-loop drive of Creation of Value, Capability Building, and Criteria for Excellence) under Sinochem Holdings' Operational Excellence 2.0 system, and systematically deployed a new blueprint for the Group's operational management upgrade.

MAY

The Group organized a special seminar on the "15th Five-Year Plan", focusing on in-depth discussions on several key bottlenecks constraining the Group's medium- and long-term development, clarifying the Group's development goals and implementation pathways for the "15th Five-Year Plan" period, and promoting the Group's high-quality development towards new and better directions. To fully adapt to the Group's new positioning and mission, the organizational structure was optimized and adjusted.

A delegation led by Li Yong, Secretary of the Fuling District Committee of Chongqing, held talks with Mr. Zhang Xuegong, Chairman of the Board. Both parties exchanged views on further deepening cooperation and promoting high-quality enterprise development.

JUNE

The pilot plant for the core masterbatch of polyphosphate calcium-magnesium and region-specific fertilizers of Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong"), a subsidiary of the Company, was completed. This facility is part of the sub-project "Key Technologies and Demonstration for Full Utilization of Tailings (尾礦全量化關鍵技術及示範)" under the national "14th Five-Year Plan" key R&D programme, providing solid technical support for extending the phosphorus chemical industry chain and realizing green and sustainable development.

Sinochem Fertilizer and the Customer & Supply Chain Division of Sinopec completed the renewal of a three-year business cooperation framework agreement. This renewal further consolidated the long-term and stable strategic partnership. Both parties will join hands to optimize the agricultural input market layout, jointly promote the quality and efficiency improvement of fertilizer distribution business, and build a new pattern of long-term win-win industrial synergy.

Business Environment

In the first half of 2026, international geopolitical conflicts continued to disrupt the global trade flow of fertilizer raw materials, with insufficient supply chain stability and continuously escalating security risks. International fertilizer prices reached their highest level in nearly four years, placing considerable pressure on domestic enterprises in terms of raw material supply and cost control. At the same time, frequent extreme weather events such as alternating droughts and floods, and high-temperature heatwaves occurred across many regions in the first half, compounded by declining agricultural product prices. Farmers' planting income came under pressure and their willingness to invest in agricultural inputs weakened. The release of demand for fertilizer stocking and top-dressing overall fell short of expectations. Driven by policy orientations such as arable land protection, saline-alkali land improvement, and green and low-carbon agricultural upgrading, the market demand for new-type green agricultural inputs such as bio-fertilizers and fertilizers with soil conditioning functions steadily expanded, promoting the upgrading of industry product structures. Under the overall guidance of the Central Document No. 1, which establishes food security as the bottom line, the relevant departments successively introduced a full-chain regulatory system covering raw material supply, stable production operations, timely reserve release, export regulation, and market supervision. This effectively smoothened market volatility and stabilized agricultural-input supply.

In the first half of the year, backed by the national policies on supply assurance, price stabilization and export quota controls, the nitrogen fertilizer sector saw ample market supply and moderate price fluctuations, with its average price edging down year-on-year and overall performance remaining stable. In the phosphate fertilizer sector, driven by extreme surges in sulphur prices, cost pressures became fully evident. In June, the Yangtze River port price exceeded RMB10,000/ton, reaching a historical high, representing a 122% increase from the end of February and a significant year-on-year increase of 294%. This drove the price of phosphate fertilizer products continuously upward, significantly compressing industry profit margins. In the potash fertilizer sector, due to the tight global supply pattern, prices showed strong resilience. In the first half of the year, the average domestic market price of potassium chloride increased year-on-year, generally exhibiting a trend of range-bound fluctuations with limited volatility. Compound fertilizers followed the upward price movements of upstream phosphate and potash raw materials, raising the cost, with average market prices in the first half of the year increasing slightly year-on-year.

Financial Performance

For the six months ended 30 June 2026, the Group recorded revenue of RMB16,281 million, and profit attributable to owners of the Company of RMB1,178 million, representing a year-on-year increase of 6.7%.

Research and Development

In the first half of 2026, the Group continued to deepen its "Bio+" R&D efforts, focusing on the three major directions of "nutrient efficiency, biological formulations, and soil health". Leveraging national and provincial-level R&D platforms such as the "National Engineering Research Center for Cultivated Land Protection", the Group prioritized the construction of the "Bio+" R&D platform and the commercialization of product innovation. In terms of R&D platform development, the "Semi-field (半田間)" biological testing platform has been completed and put into operation, and the construction of an advanced biological manufacturing flexible platform is steadily progressing. In terms of key technology breakthroughs, 10 key technologies were tackled, of which two technologies, namely the synthetic biology technology (CW2) and Root-phosphorus-microbe integrated technology for PUE, reached the applied research stage. In terms of product development and transformation, 17 new product developments/upgrades were initiated, with R&D completed for four products, of which two products, namely Lanlin (藍麟) Upgrade (root-inducing agent) and Kedefeng (科得豐) Upgrade (rice fertilizer), have been launched in the market. In the first half of 2026, the transformation volume of R&D achievements reached 1.07 million tons.

Basic Business Segment

The Group's Basic Business Segment is primarily responsible for the domestic distribution business of strategically procured potash fertilizers, phosphate fertilizers and sulphur, as well as export trading business, fulfilling its social responsibilities as a key player in agriculture and playing a positive role in ensuring domestic agricultural input supply.

In terms of potash fertilizer operations, in the first half of 2026, the Group closely monitored market changes, accelerated the execution of potash import contracts, and enhanced supply capacity. The Group also carried out joint supply assurance with leading domestic potash producers, accelerated the distribution of goods to the grassroots level, and increased supply to key markets, such as Northeast China, during the critical spring ploughing period to meet domestic agricultural production needs. The Group participated in the IFA conference, continuously expanded its potash supplier cooperation network, and developed new partnerships with several important domestic and international potash suppliers. By overcoming multiple difficulties, including turbulent conditions in the Middle East and shipping disruptions, the Group successfully completed the import and arrival of key potash fertilizer sources, effectively supplemented domestic sources, hedged against overseas supply disruptions, and made every effort to ensure stable supply of potash fertilizer for domestic spring ploughing. By continuously upgrading core customer service capabilities, strengthening cooperation with key compound fertilizer producers, refining the dual-core agricultural potash channel marketing system centred on "Fenghexiang (楓禾祥)" and "Weidefeng (威得豐)", the Group achieved bio-potash fertilizer sales volume of 39,000 tons, representing a year-on-year increase of 34%, creating new growth engines for potash fertilizer performance.

In terms of phosphate fertilizer operations, leveraging its full-industry-chain operational advantages, the Group proactively responded to challenges arising from significant sulphur price increases, effectively hedged a range of operational risks, navigated industry cycle, and delivered steady growth. With strong strategic procurement capabilities as a cornerstone, the Group deepened strategic cooperation with leading industry enterprises, established a strategic supply system with comprehensive cost advantages, and successfully ensured the market supply of phosphate fertilizer. Moreover, the Group continued to expand overseas markets, strengthen resource acquisition capabilities, and reshape its customer system, as well as coordinated the value deployment of phosphate fertilizer operations, focused on upstream and downstream pain points to create integrated comprehensive solutions, and effectively reduced farmers' fertilization costs. At the same time, it accelerated innovation-driven transformation and upgrading. The "Meilinmei (美麟美)" bio-phosphate fertilizer series achieved steady sales volume growth in the first half of the year, with a year-on-year increase of 18%. The Group continued to explore the extension of the phosphate fertilizer industry chain, with market share steadily increasing in niche areas, such as agricultural drip irrigation and new energy, driving business innovation and expansion.

Growth Business Segment

The Group's Growth Business Segment primarily includes the integrated R&D, production and marketing operations of compound fertilizers and special fertilizers, as well as the domestic distribution business of crop protection products and seeds.

The compound fertilizer business, guided by market demand, continuously strengthened the integrated synergy of R&D, production and marketing, and deeply focused on product iteration and innovation, product supply, market layout, channel customer development, and marketing promotion, striving to build a growth pole for "Bio+" high-end products in terms of both volume and profit. Embracing the concept of innovative growth, the Group deeply explored crop pain points, closely integrated market demand with farmers' income growth, and concentrated efforts on building core single bio-compound fertilizer products with volume and profit scale hitting a new historical high. In the first half of 2026, sales volume of "Bio+" high-end products increased by 28% year-on-year.

Special fertilizer operations seized the window of opportunity for agricultural green and low-carbon transformation, and vigorously advanced the Group's business model and strategy transformation. In the first half of 2026, by focusing on core product operations, the Group steadily improved its operational quality and efficiency. The combined sales volume of the core foliar spray product portfolio Liang You Yi Tian (兩優一甜) ("Youliangmei (優靓美)", "Youcuilu (優翠露)", "Songtian (頌甜)") and key products, such as Moli and microbial inoculants, totaled 53,000 tons, representing a year-on-year increase of 26%. The special fertilizer business accelerated the launch of new products, with the priming carbon technology patented product "Jirun (激潤)" newly launched and showcased at the Global Special Fertilizer Conference, striving to create a benchmark single product that improves problematic soils, enhances nutrient utilization efficiency, and is suitable for both grain and cash crops. The special fertilizer business has gradually built a mature operating system of "sustained product innovation + internal efficient synergy", which will become an important pillar for the Group's stable profit growth.

The crop protection business focused on core regions, carrying out differentiated and precise operations. Leveraging digital tools to achieve end-to-end product traceability, it strengthened high-quality channel and inventory management, maintaining steady business development. The seed business strengthened cooperation with the Syngenta Group China seed segment, and under the premise of strictly controlling operational risks, selectively conducted targeted business in key crop areas, such as rice and maize, in combination with terminal demand.

Production Business Segment

The Group's Production Business Segment primarily includes the production and sales operations of Sinochem Yunlong (agricultural MCP/DCP), Sinochem Chongqing Fuling Chemicals Co., Ltd. ("Sinochem Fuling") (refined phosphates, etc.), and Sinochem Jilin Changshan Chemical Co., Ltd. ("Sinochem Changshan") (synthetic ammonia and urea, etc.).

Sinochem Yunlong continued to build its HSE core competitiveness, with stable and safe operations at its factory and mine, and stable production and sales. By actively responding to changes in the external environment, adhering to an integrated "dual-market" sales strategy covering both domestic and international markets, it enhanced its premium pricing capability, and achieved good prices for high-quality products. Balancing purchased electricity prices, self-generated power costs, and downstream production steam consumption, Sinochem Yunlong finely adjusted boiler steam parameters and power generation loads, increased the output of the B6 generating unit, and achieved secondary utilization of back-pressure steam. In the first half of 2026, cumulative electricity costs decreased year-on-year. In the first half of 2026, feed-grade calcium phosphate (MCP/DCP) production reached 194,400 tons and sales volume reached 191,500 tons, achieving profit before taxation of RMB365 million, representing a year-on-year increase of 18%. Key projects such as the 2.20 million tons per annum integrated mining and processing project at the Mozushao Phosphate Mine progressed steadily. Phosphogypsum maintained a dynamic balance between production and consumption, thus Sinochem Yunlong continued to achieve high-quality development.

Faced with a complex operating environment characterized by surging sulphur prices, persistently high phosphate rock prices, and restrictions on fertilizer exports, Sinochem Fuling prioritized excellence in operations and quality and efficiency enhancement. It made timely adjustments to market conditions by using the "dynamic pre-calculation" mechanism for precise decision-making, and made every effort to ensure domestic fertilizer supply while continuously adjusting product structure. Through measures such as optimizing ore blending schemes and leveraging the 5G factory to enhance intelligence levels, it reduced losses and improved efficiency. In the first half of 2026, it produced 454,000 tons of fertilizer and finished acid, and recorded a loss before taxation of RMB54 million. In the first half of 2026, approximately 510,000 tons of phosphogypsum were comprehensively utilized, achieving a comprehensive utilization rate of 78.11%.

Facing the persistent downturn in synthetic ammonia and urea market prices, Sinochem Changshan overcame challenges through internal and external coordination and a two-pronged approach. It deepened lean management as a key driver, and implemented precise measures. On one hand, it secured annual coal supply contracts to lock in per-tonne cost reductions, while simultaneously negotiating tiered procurement discounts to lower raw material coal procurement costs. On the other hand, it implemented process improvements to reduce material consumption, and utilized photovoltaic power generation, among other measures, to achieve cost reduction and efficiency enhancement, recording a slight profit before taxation of RMB0.65 million in the first half of 2026. The high-tower compound fertilizer project was successfully commissioned and reached production capacity of 1,000 tons/day in April, filling the production gap for such products in the Songyuan region. In the first half of 2026, it produced 229,800 tons of various fertilizers including urea, compound fertilizer, BB fertilizer, and water-soluble fertilizer, representing a year-on-year production increase of 60,600 tons and a growth rate of 35.8%.

Digital Service Innovation

Leveraging a diversified new media matrix, the Group broke through the time and space constraints of traditional offline promotion. In the first half of 2026, it focused on product promotion, planting techniques, solutions, and user follow-up topics, conducting expert live streaming lectures and short video dissemination. It accumulated over 200 live-streaming sessions and published more than 1,200 short videos, reaching over 300,000 community users, with total reach exceeding 10.00 million. Using digital platforms such as "Nongxiaohui (農小惠)" and "Nongdaquan (農達圈)" as key tools, it connected online services with offline marketing scenarios. It planned and executed themed campaigns including "Fengwo Huinong Ji (豐沃惠農季)", "Fengwo Xile Xing (豐沃喜樂行)", and "Fengwo Zhixing (豐沃之星)", effectively activating channel vitality and assisting in terminal sales, and held 5,993 marketing campaigns, covering over 500,000 participants. At the same time, through channels including the 400 customer service platforms, new media, community groups, and mini-programs, the Group implemented full lifecycle management of marketing activities and lead follow-up, driving "data-driven business" and continuously enhancing marketing quality and operational efficiency.

Internal Control and Management

The Group's internal control and risk management system was established according to the "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission in the United States, the "Risk Management – Guidelines" published by the International Organization for Standardization and the "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants, and following the "Guidelines on Comprehensive Risk Management for Central Enterprises", the "Basic Standards of Corporate Internal Control" and its referencing guidelines, and the "Measures for Compliance Management of Central Enterprises" of China as well as in compliance with the national requirements on strengthening internal control system establishment and supervision in recent years. With risk management orientation, the Group focused on alignment of internal control establishment with strategic development, setting up a risk and internal control and management system integrated with business management, and formulating management and control processes. Through risk identification, assessment and response measures, the Group provided risk management alerts and responses to major risks throughout the entire process to safeguard corporate value.

In the first half of 2026, the Group fully implemented the SASAC's requirements for strengthening internal control construction and supervision in central enterprises. It actively explored the deep integration of intelligent technologies with supervisory needs, driving the transformation of supervision from "human prevention" to "technical prevention" and "intelligent prevention". It improved the internal control management system and mechanism, implemented the Board's management responsibilities over the internal control system, and, with the core objective of building a "strong operation and control-oriented" headquarters, systematically promoted the optimization and upgrading of the headquarters organizational structure. This comprehensively enhanced the level of professional management and refined operations, and improved the quality and efficiency of the listed company's management and control. It improved system development, revised and issued over 50 regulations, and issued a new version of the "Responsibility Manual" to further enhance the Group's governance and optimize approval processes for major matters, ensuring smooth and orderly business operations. The Group continued to empower, support, and safeguard the "Bio+" strategic transformation and business expansion. It continued to conduct various forms of compliance culture promotion, including professional departmental training, monthly financial and risk responsible persons' thematic meetings, and daily WeChat dissemination of compliance and internal control management practices. This promoted managers at all levels to firmly establish a scientific business safety mindset and actively foster a benign compliance and internal control culture of "prudent operations and healthy development". It accelerated the advancement of informatization construction, conducted research on ERP system upgrades and the financial shared services platform construction, reinforced the primary risk responsibility of business units, optimized business processes, and embedded compliance and risk internal control management requirements into business processes. It strengthened risk supervision to achieve a comprehensive leap in management capabilities.

In the first half of 2026, the Group's internal control and management met the compliance requirements of both domestic and foreign regulators, ensuring compliant business operations and steady development. Internal control and management work actively adapted to changes in the market and operating environment, empowering, supporting, and safeguarding business development, assisting the Group's strategic transformation, and providing effective protection for the interests of shareholders, asset security, and the advancement of strategy and improvement of operational quality.

Social Responsibility

The Group deeply implemented the national strategic deployment for food security, closely aligning with the core work requirements of the 2026 Central Document No. 1 by enhancing comprehensive agricultural production capacity and improving quality and efficiency. It adhered to the principle of simultaneously focusing on both production capacity and ecological aspects, upgrading from the existing "fertilizer quantity control and efficiency enhancement" to "quality improvement and efficiency enhancement". The Group earnestly shouldered its social responsibility for ensuring agricultural input supply. Leveraging its full-industry-chain advantages in import, R&D, production, marketing, and technical services, it ensured sufficient market supply, excellent product quality, stable and orderly prices, and efficient logistics distribution. Through professional and dedicated measures, it strengthened the foundation of agricultural production, served comprehensive rural revitalization, and fortified the national food security defence line.

The Group timely adjusted its operating strategies during the spring ploughing period of 2026. It expanded the scale of potash import procurement, actively released potash supplies, and intensified supply to key agricultural regions. At the same time, it maintained high operating rates at production plants, and united with industry enterprises to jointly maintain market order, effectively ensuring domestic market supply.

In the first half of 2026, the Group closely followed the overarching goal of the Central Document No. 1, which "anchors agricultural and rural modernization and steadily promotes all-around rural revitalization". Seizing the opportunity of the inaugural year of the "15th Five-Year Plan", it deeply implemented the core requirements of "intensifying the implementation of the new round of 100 billion jin grain production capacity enhancement action and promoting large-scale per-unit yield improvement for grain and oil crops". It adhered to the principle of simultaneously focusing on production capacity and ecology, and increasing both production and income. It built over 2,500 demonstration and trial fields, focused on integrating the efficiency enhancement of fertile farmland, improved seeds, advanced machinery, and refined cultivation methods, and developed more than 40 technical integration solutions for large-scale per-unit yield improvement of grain and oil crops. Centering on key crop growth stages and implementing the deployment requirements of "strengthening cultivated land protection and quality improvement", the Group focused on cultivated land protection and soil quality enhancement, conducting over 5,000 online and offline technical training sessions to precisely solve farmers' planting difficulties. The Group actively responded to complex climate and market changes by promoting the technical marketing capability enhancement system. Technical and business personnel went to the front line, organized field technical service activities, and served over 500,000 farmers both online and offline on a cumulative basis. It transformed technological advantages into tangible benefits for farmers, providing technical support for agricultural efficiency enhancement, farmers' income growth and industrial upgrading.

In the first half of 2026, the Group was awarded the title of National "Quality Month" Quality Integrity Enterprise, and "Huanfeng (煥豐)" organic-inorganic fully water-soluble fertilizer was selected as a "2025 Annual Case Study of Quality Improvement and Brand Building in the Petroleum and Chemical Industry (2025年度石油和化工行業質量提升與品牌建設典型案例)".

Outlook

Under the combined impact of multiple factors, including geopolitical conflicts and energy shocks, the fertilizer industry is expected to enter a more complex and uncertain phase, with market trends continuing to diverge. Meanwhile, with the implementation of the new round of domestic grain production capacity enhancement policies, coupled with a bumper summer harvest and stable autumn grain planting areas, domestic fertilizer demand is expected to be positively impacted.

In the second half of 2026, the Group will firmly drive the Company's strategy, coordinate and deploy key work across R&D, production and marketing, and make concerted efforts. It will intensify technological innovation and product upgrading, optimize market layout and channel service systems, seize structural development opportunities in the industry, prudently address complex market challenges, continuously consolidate core competitive advantages, and with steady and solid operating performance and pragmatic and powerful development measures, make every effort to promote the Group's high-quality development.

Management's Discussion and Analysis

For the six months ended 30 June 2026, the Group recorded sales volume of 4.58 million tons, representing a slight decrease of 3.38% compared with the sales volume for the six months ended 30 June 2025. Revenue amounted to RMB16,281 million, representing an increase of 10.64% over the six months ended 30 June 2025. Gross profit amounted to RMB2,035 million, which was basically flat compared with the six months ended 30 June 2025. Profit attributable to owners of the Company was RMB1,178 million, representing an increase of 6.7% compared with the six months ended 30 June 2025.

I. OPERATION SCALE

(I) Sales volume

In the first half of 2026, confronted with a severe operating environment characterized by complex and volatile industry conditions and continuously rising operating costs, the Group focused on its strategic core development tasks, comprehensively implemented the operational excellence philosophy, united in purpose and forged ahead with innovation, and continued to strengthen the foundations of safe production and lean management, effectively offset external operating pressures, and ensured the stable and orderly development of the Group's overall business. For the six months ended 30 June 2026, the Group's sales volume was 4.58 million tons, representing a slight decrease of 3.38% compared with the sales volume for the six months ended 30 June 2025; biological fertilizer sales volume was 1.172 million tons, representing an increase of 11% compared with the sales volume for the six months ended 30 June 2025.

(II) Revenue

For the six months ended 30 June 2026, the Group recorded revenue of RMB16,281 million, representing an increase of RMB1,566 million or 10.64% compared with the six months ended 30 June 2025, mainly resulting from an increase in average selling price.

Table 1:

	For the six months ended 30 June			
	2026		2025	
	Revenue	**As percentage of total revenue**	Revenue	As percentage of total revenue
	RMB'000		RMB'000	
Compound fertilizers	**5,603,697**	**34.42%**	5,166,550	35.11%
Phosphate fertilizers	**4,921,517**	**30.23%**	4,361,849	29.64%
Potash fertilizers	**3,067,927**	**18.84%**	2,988,443	20.31%
Monocalcium/Dicalcium phosphate (MCP/DCP)	**1,053,910**	**6.47%**	841,710	5.72%
Special fertilizers	**305,583**	**1.88%**	312,531	2.12%
Others	**1,328,332**	**8.16%**	1,043,730	7.10%
Total	**16,280,966**	**100.00%**	14,714,813	100.00%

(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 of strategically and centrally procured potash fertilizers, phosphate fertilizers and sulphur and the export trading business, thereby playing a positive role in the supply in the domestic market; the Growth Business Segment is primarily responsible for the integrated operation business of research, production and marketing of compound fertilizers and special fertilizers and the domestic distribution business of crop protection products and seeds; 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.).

Set out below is an analysis of the Group's revenue and profit by the above segment for the six months ended 30 June 2026 and the six months ended 30 June 2025:

Table 2:

	For the six months ended 30 June 2026				
	Basic Business	**Growth Business**	**Production Business**	**Elimination**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue					
External revenue	**8,510,606**	**6,252,024**	**1,518,336**	**–**	**16,280,966**
Internal revenue	**3,731,994**	**2,076,780**	**1,659,077**	**(7,467,851)**	**–**
Segment revenue	**12,242,600**	**8,328,804**	**3,177,413**	**(7,467,851)**	**16,280,966**
Segment profit	**716,845**	**476,269**	**301,874**	**–**	**1,494,988**

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

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 borrowings and other borrowings. This is the measure reported to the Group's chief operating decision-maker for the purposes of resource allocation and segment performance assessment.

For the six months ended 30 June 2026, the segment profit of the Group was RMB1,495 million, which increased by RMB56 million year-on-year. Among which: the Basic Business Segment overcame challenges including surging sulphur prices, firmly fulfilled its social responsibility to ensure stable supply of fertilizers, increased external resource acquisition, deepened internal synergies, accelerated business transformation, and made every effort to guarantee market supply. In the first half of 2026, the segment achieved a profit of RMB717 million, which was basically flat compared to the corresponding period last year. The Growth Business Segment continuously promoted the implementation of the "Bio+" strategy, adhered to a market-oriented approach, established a streamlined, efficient and agile production-sales synergy mechanism, coordinated the development of high-end, specialized and general-purpose products, and strengthened the tracking and control of core customer plan execution. In the first half of 2026, the segment achieved a profit of RMB476 million, representing an increase of 13.33% compared to the corresponding period last year. The Production Business Segment focused on the "operational goals of safe, stable, enduring, full and excellent production (安穩長滿優)", anchored on the annual budget targets and challenge targets, and took multiple measures to improve quality and efficiency in key business areas such as production and supply chain. In the first half of 2026, the segment achieved a profit of RMB302 million, which was basically flat 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 six months ended 30 June 2026, the Group's share of results of joint ventures was a loss of RMB45 million, representing a decrease of RMB72 million compared to a profit of RMB27 million for the six months ended 30 June 2025. This was mainly attributable to the fact that surging sulphur prices drove up phosphate fertilizer costs during the first half of 2026, causing phosphate fertilizer enterprises to generally suffer losses. The share of results of the joint venture, Yunnan Three Circles-Sinochem Fertilizer Co., Ltd., amounted to a loss of RMB36 million, representing a decrease of RMB70 million compared to the same period last year.

Share of results of associates: For the six months ended 30 June 2026, the Group's share of results of associates was a profit of RMB7 million, representing an increase of RMB5 million compared to a profit of RMB2 million for the six months ended 30 June 2025. The main reason was that the share of results of Guizhou Xinxin Industrial Holdings Group Co., Ltd. and Guizhou Xinxin Coal Chemical Co., Ltd. amounted to a profit of RMB8 million, an increase of RMB3 million compared to the same period last year.

(II) Income tax

For the six months ended 30 June 2026, the Group's income tax expense was RMB339 million, representing an increase of RMB85 million compared with RMB254 million for the six months ended 30 June 2025. In the first half of 2026, income tax expense increased year-on-year, with current tax of RMB336 million and deferred tax of RMB3 million, mainly due to the Group's year-on-year increase in taxable operating profit, resulting in a year-on-year increase in current tax calculated based on estimated taxable profits in accordance with the PRC income tax regulations.

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

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

For the six months ended 30 June 2026, profit attributable to owners of the Company was RMB1,178 million, representing an increase of RMB74 million or 6.7% compared with a profit of RMB1,104 million for the six months ended 30 June 2025. The Group firmly advanced the "Bio+" strategy, driven by technological innovation and operational excellence as dual engines, continuously optimized product structure, strengthened cost control, and offset the adverse impact of rising costs.

For the six months ended 30 June 2026, the net profit margin calculated as profit attributable to owners of the Company divided by revenue, was 7.24%, representing a decrease of 0.26 percentage points over the corresponding period of last year.

III. EXPENSES

For the six months ended 30 June 2026, the total of three categories of expenses amounted to RMB682 million, representing a decrease of RMB68 million or 9.07% compared with RMB750 million for the six months ended 30 June 2025, of which:

Selling and distribution expenses: For the six months ended 30 June 2026, selling and distribution expenses amounted to RMB329 million, representing a decrease of RMB44 million or 11.80% compared with RMB373 million for the six months ended 30 June 2025. This was mainly attributable to the Group's strict implementation of the comprehensive budget management requirements, focusing on "expanding markets to increase revenue and achieving ultimate cost reduction (拓市增收、極致降本)", implementing precision marketing and promotion strategies, with reasonable control and reduction of marketing expenses and labour costs.

Administrative expenses: For the six months ended 30 June 2026, administrative expenses amounted to RMB332 million, representing a decrease of RMB22 million or 6.21% compared with RMB354 million for the six months ended 30 June 2025. This was mainly attributable to the Group's continued adherence to the principle of "strict cost discipline (過緊日子)", focusing on improving labour productivity, strengthening lean management of labour costs, and steadily improving labour cost efficiency.

Finance costs: For the six months ended 30 June 2026, finance costs amounted to RMB21 million, representing a decrease of RMB2 million or 8.70% compared with RMB23 million for the six months ended 30 June 2025. This was mainly due to the Group's further optimization of financing channels and financing structure, and multiple measures to reduce comprehensive financing costs.

IV. OTHER INCOME AND GAINS

For the six months ended 30 June 2026, the Group's other income and gains amounted to RMB103 million, representing a decrease of RMB19 million from RMB122 million for the six months ended 30 June 2025. Other income and gains mainly consist of interest income, government grants, and gains on disposal of scrapped assets, etc.

V. OTHER EXPENSES AND LOSSES

For the six months ended 30 June 2026, the Group's other expenses and losses amounted to RMB62 million, which was basically flat compared with RMB63 million for the six months ended 30 June 2025. Other expenses and losses mainly consist of losses on sales of semi-finished products, raw materials and scrapped materials, and foreign exchange losses, etc.

VI. REVERSAL OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six months ended 30 June 2026, the Group's reversal of impairment losses on financial assets amounted to RMB149 million, mainly attributable to the recovery of loans extended by Sinochem Fertilizer to its associate Yangmei Pingyuan Chemical Co., Ltd. ("Yangmei Pingyuan") and the repayment of receivables from other companies outstanding from prior years.

In February 2026, the People's Court of Pingyuan County, Shandong Province, adjudicated to approve the bankruptcy reorganization plan of Yangmei Pingyuan. After receiving the funds from the claim for employee resettlement borrowings under the bankruptcy reorganization in April 2026, Sinochem Fertilizer transferred its 36.75% equity interest in Yangmei Pingyuan to the restructuring investor in accordance with the bankruptcy reorganization plan in May 2026.

VII. INVENTORIES

As at 30 June 2026, the inventories balance of the Group amounted to RMB6,405 million, up by RMB575 million or 9.86% compared with RMB5,830 million as at 31 December 2025. Inventory turnover days were 78 days, an increase of 10 days as compared with the corresponding period of the previous year. The increase in inventory and slower turnover were mainly due to the Group's appropriate stocking of raw materials and finished products to cope with the risk of high price fluctuations of raw materials and fertilizer products, and to ensure supply for summer top-dressing and autumn sowing. As at 30 June 2026, the average unit cost of the Group's finished goods inventory increased by approximately 10% compared with the beginning of the year and the same period last year.

Note: Calculated on the basis of average inventory balance as at the end of the reporting period divided by cost of goods sold, and multiplied by 180 days.

VIII. TRADE AND BILLS RECEIVABLES

As at 30 June 2026, the Group's balance of trade and bills receivables amounted to RMB563 million, representing an increase of RMB183 million or 48.16% from RMB380 million as at 31 December 2025. This was mainly attributable to an increase in the scale of bill settlement during the peak sales season. The turnover days of trade and bills receivables of the Group in the first half of 2026 were 5 days, consistent with the turnover days in the first half of 2025.

Note: Calculated on the basis of average trade and bills receivables balance as at the end of the reporting period divided by turnover, and multiplied by 180 days.

IX. INTERESTS IN JOINT VENTURES AND ASSOCIATES

As at 30 June 2026, the balance of the Group's interests in joint ventures and associates amounted to RMB1,041 million, down by RMB38 million or 3.52% compared with RMB1,079 million as at 31 December 2025. This was mainly due to the Group's share of results of joint ventures and associates, which amounted to a total loss of RMB38 million in the first half of 2026 calculated using the equity method.

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

X. OTHER EQUITY SECURITIES

As at 30 June 2026, the Group's balance of other equity securities amounted to RMB208 million, representing an increase of RMB12 million from RMB196 million as at 31 December 2025, which was mainly due to the increase in the fair value of equity in Guizhou Kailin Holdings (Group) Co., Ltd. held by the Group.

As at 30 June 2026, the Group did not hold any significant investments accounting for 5% or more of the Group's total assets.

XI. INTEREST-BEARING LIABILITIES

As at 30 June 2026, the Group's total interest-bearing liabilities amounted to RMB1,899 million, representing an increase of RMB392 million or 26.01% from RMB1,507 million as at 31 December 2025, which was mainly due to an increase in bank financing during the period. For details of the interest-bearing liabilities, please refer to the section headed "XV. LIQUIDITY AND FINANCIAL RESOURCES".

XII. TRADE AND BILLS PAYABLES

As at 30 June 2026, the Group's balance of trade and bills payables amounted to RMB3,835 million, representing a decrease of RMB585 million or 13.24% compared with RMB4,420 million as at 31 December 2025, which was mainly due to the settlement of bills payable upon maturity, with a decrease of RMB750 million compared with 31 December 2025.

XIII. OTHER PAYABLES

As at 30 June 2026, the balance of the Group's other payables amounted to RMB1,655 million, representing an increase of RMB318 million or 23.78% compared with RMB1,337 million as at 31 December 2025, which was mainly due to the approval by the Company's shareholders of the 2025 final dividend of RMB423 million.

XIV. OTHER FINANCIAL INDICATORS

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

For the six months ended 30 June 2026, the Group's basic earnings per share was RMB0.1677 and return on equity (ROE) was 10.16%, representing a decrease of 0.11 percentage points over the six months ended 30 June 2025.

Table 3:

	For the six months ended 30 June	
	2026	2025
Profitability		
Earnings per share (RMB) *(Note 1)*	**0.1677**	0.1572
ROE *(Note 2)*	**10.16%**	10.27%

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

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

As at 30 June 2026, the Group's current ratio was 1.39, and its debt-to-equity ratio was 15.57%, representing a strengthened solvency. The Group enjoyed relatively high banking facilities and smooth financing channels, as well as diverse funding methods.

Table 4:

	As at 30 June 2026	As at 31 December 2025
Solvency		
Current ratio (Note 1)	**1.39**	1.24
Debt-to-equity ratio (Note 2)	**15.57%**	13.16%

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

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

XV. LIQUIDITY AND FINANCIAL RESOURCES

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

As at 30 June 2026, the Group's cash and cash equivalents amounted to RMB2,722 million, which was mainly held in RMB and US dollar.

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

Table 5:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Bank borrowings and other borrowings (Note)	**1,866,311**	1,482,989
Lease liabilities	**32,744**	24,290
Total	**1,899,055**	1,507,279

Note: For details of the guarantee and security of bank borrowings and other borrowings, please refer to note 12 to the Unaudited Interim Financial Report.

Table 6:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Carrying amount of interest-bearing liabilities repayable		
Within one year	**1,307,654**	849,349
More than one year	**591,401**	657,930
Total	**1,899,055**	1,507,279

Table 7:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Fixed-rate interest-bearing liabilities	**833,269**	378,240
Floating-rate interest-bearing liabilities	**1,065,786**	1,129,039
Total	**1,899,055**	1,507,279

As at 30 June 2026, the Group had banking facilities equivalent to RMB18,823 million, including US$705 million and RMB14,018 million. The unutilized banking facilities amounted to RMB14,891 million, including US$597 million and RMB10,823 million.

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

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

XVI. OPERATIONAL AND FINANCIAL RISKS

The Group faces multiple operational risks, primarily including industry market risks, environmental and social risks, cyber risks and security risks, as well as data fraud and theft risks.

Industry market risk

The fertilizer industry is affected by the Middle East geopolitical conflicts and shipping route disruptions, causing significant surges in prices of raw materials such as sulphur. At the same time, as affected by the narrowing of export space, the domestic market competition has intensified. The Group activates internal driving forces through technological innovation, builds a solid foundation for lean management through operational excellence, and deeply explores cost reduction and value creation through industrial chain synergy, effectively and proactively responding to various operational risks.

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 businesses including resource exploitation and fertilizer production, strictly comply with laws and regulations such as the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Air Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國大氣污染防治法》), as well as the Water Pollution Prevention and Control Law of the People's Republic of China (《中華人民共和國水污染防治法》). Through stringent investigation and management of sources of corporate environmental risks, the subsidiaries of the Group have implemented measures to prevent and control pollution of air, surface water, groundwater and soil. In addition, they have formulated 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 the first half of 2026, no major environmental pollution incidents have occurred in the Group.

Cyber risk and security risks

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

Risks associated with data fraud or theft

In order to keep state secrets and protect trade secrets, the Group has established a relatively complete confidentiality management system, including 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 responsible for confidentiality, examination on relevant systems and record documents, reviews on previous confidential documents and on-site observation, the Group conducts investigations 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.

Financial market risk

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

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

Financial credit risk

The biggest credit risk of the Group is that the counterparties may fail to carry out their obligations with regard to the book value of all types of financial assets recognized and recorded in the consolidated statement of financial position as at 30 June 2026. If there is a lack of credit risk management, bad debt losses of the Company, as a result of unrecoverable accounts receivable and unavailable inventory after advance payment for procurement, may influence its normal operation.

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

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

Financial liquidity risk

Liquidity risk may cause the Group to face insufficient cash to meet its daily working capital requirements and repay debts as they fall due in a timely manner. In this regard, the management of the Group takes the following measures:

Regarding the management of liquidity risk, the Group strengthens position management of daily working capital, forecasts and strictly executes the funding plan in advance 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.

XVII. CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no contingent liabilities.

XVIII. CAPITAL COMMITMENT

Table 8:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Contracted but not provided for		
– Purchase of property, plant and equipment	**63,834**	93,976

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.

XIX. HUMAN RESOURCES

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

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

The Group reviews its remuneration policy annually and if necessary, engages professional consultant to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 30 June 2026, the Group had about 4,271 full-time employees (including employees engaged by the Group's subsidiaries), and their remuneration is determined with reference to market rates. No individual employee shall be permitted to participate in determining his/her own remuneration.

In addition to the basic remuneration, the Group also values the importance of training and career development of employees. In the first half of 2026, the Group provided training with approximately 6,150 attendances, with total training hours amounting to approximately 24,839 hours (any training organized by the subsidiaries has not been included in these numbers). The training courses covered areas such as the operational excellence system, leadership, general competencies, and AI tool applications. These training programs 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 development, and improve the competitiveness of the Group.

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

KPMG

Review report to the board of directors of Sinofert Holdings Limited
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 40 to 70, which comprise the consolidated statement of financial position of Sinofert Holdings Limited as of 30 June 2026 and the related consolidated statement of profit or loss and other comprehensive incomes, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim financial reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 August 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
Revenue	*3*	**16,280,966**	14,714,813
Cost of sales		**(14,246,347)**	(12,690,092)
Gross profit		**2,034,619**	2,024,721
Other income and gains		**102,687**	122,153
Selling and distribution expenses		**(328,533)**	(373,394)
Administrative expenses		**(331,980)**	(354,391)
Reversal of impairment loss on financial assets		**148,651**	–
Other expenses and losses		**(62,263)**	(62,856)
Profit from operations		**1,563,181**	1,356,233
Share of results of associates		**6,509**	2,243
Share of results of joint ventures		**(44,996)**	26,539
Finance costs	*4(a)*	**(20,620)**	(23,079)
Profit before taxation	*4*	**1,504,074**	1,361,936
Income tax	*5*	**(339,277)**	(254,279)
Profit for the period		**1,164,797**	1,107,657
Profit for the period attributable to:			
– Owners of the Company		**1,178,130**	1,104,114
– Non-controlling interests		**(13,333)**	3,543
		1,164,797	1,107,657

For the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June **2026** **RMB'000**	2025 RMB'000
Profit for the period		**1,164,797**	1,107,657
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)		**9,217**	88,963
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(9,693)**	(9,626)
Other comprehensive income for the period		**(476)**	79,337
Total comprehensive income for the period		**1,164,321**	1,186,994
Total comprehensive income attributable to:			
– Owners of the Company		**1,177,654**	1,183,451
– Non-controlling interests		**(13,333)**	3,543
		1,164,321	1,186,994
Earnings per share	*6*		
Basic and diluted (RMB)		**0.1677**	0.1572

The notes on pages 47 to 70 form part of this interim financial report. Details of dividends payable to owners of the Company are set out in Note 13.

Consolidated Statement of Financial Position

At 30 June 2026 – unaudited
(Expressed in RMB)

	Note	**At 30 June 2026 RMB'000**	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	*7*	**4,390,242**	4,446,527
Right-of-use assets		**677,105**	675,720
Mining rights		**224,520**	238,144
Intangible assets		**25,982**	26,977
Goodwill	*8*	**841,017**	853,673
Interests in associates		**360,988**	354,479
Interests in joint ventures		**679,663**	724,659
Other equity securities		**208,094**	195,805
Prepayments for acquisition of property, plant and equipment		**28,314**	15,401
Time deposits		**1,721,413**	1,972,330
Deferred tax assets		**47,424**	57,982
Other long-term assets		**31,923**	35,629
		9,236,685	9,597,326
Current assets			
Inventories		**6,404,996**	5,830,131
Trade and bills receivables	*9*	**563,079**	380,097
Other receivables and prepayments		**1,314,547**	2,390,653
Other current assets		**942,991**	942,991
Loans to a fellow subsidiary		**–**	200,000
Time deposits		**1,251,285**	1,296,701
Restricted bank deposits		**33,757**	22,156
Cash and cash equivalents		**2,722,418**	2,928,295
		13,233,073	13,991,024

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Current liabilities			
Trade and bills payables	*10*	**3,834,736**	4,419,506
Contract liabilities		**2,613,449**	4,654,382
Other payables	*11*	**1,655,141**	1,337,392
Bank and other borrowings	*12*	**1,295,461**	830,866
Lease liabilities		**12,193**	18,483
Tax liabilities		**109,921**	41,813
		9,520,901	11,302,442
Net current assets		**3,712,172**	2,688,582
Total assets less current liabilities		**12,948,857**	12,285,908
Non-current liabilities			
Bank and other borrowings	*12*	**570,850**	652,123
Lease liabilities		**20,551**	5,807
Deferred income		**46,822**	53,834
Deferred tax liabilities		**96,678**	101,231
Other long-term liabilities		**18,387**	18,446
		753,288	831,441
NET ASSETS		**12,195,569**	11,454,467
CAPITAL AND RESERVES			
Issued equity		**5,887,384**	5,887,384
Reserves		**6,090,626**	5,336,191
Total equity attributable to owners of the Company		**11,978,010**	11,223,575
Non-controlling interests		**217,559**	230,892
TOTAL EQUITY		**12,195,569**	11,454,467

The notes on pages 47 to 70 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Attributable to owners of the Company										
	Issued equity RMB'000	Capital and other reserve RMB'000	Statutory reserve RMB'000	Contributed surplus RMB'000	Fair value reserve (non-recycling) RMB'000	Special reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2026	5,887,384	508,662	-	102,907	(168,799)	70,717	(623,629)	5,446,333	11,223,575	230,892	11,454,467
Profit for the period	-	-	-	-	-	-	-	1,178,130	1,178,130	(13,333)	1,164,797
Other comprehensive income for the period	-	-	-	-	9,217	-	(9,693)	-	(476)	-	(476)
Total comprehensive income for the period	-	-	-	-	9,217	-	(9,693)	1,178,130	1,177,654	(13,333)	1,164,321
Maintenance and production fund	-	-	-	-	-	244	-	(244)	-	-	-
Dividend declared (Note 13)	-	-	-	-	-	-	-	(423,219)	(423,219)	-	(423,219)
	-	-	-	-	9,217	244	(9,693)	754,667	754,435	(13,333)	741,102
Balance at 30 June 2026	5,887,384	508,662	-	102,907	(159,582)	70,961	(633,322)	6,201,000	11,978,010	217,559	12,195,569

	Attributable to owners of the Company										
	Issued equity RMB'000	Capital and other reserve RMB'000	Statutory reserve RMB'000	Contributed Surplus RMB'000	Fair value reserve (non-recycling) RMB'000	Special reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025	5,887,384	508,662	366,484	355,678	(250,011)	81,635	(613,031)	4,080,465	10,417,266	217,852	10,635,118
Profit for the period	-	-	-	-	-	-	-	1,104,114	1,104,114	3,543	1,107,657
Other comprehensive income for the period	-	-	-	-	88,963	-	(9,626)	-	79,337	-	79,337
Total comprehensive income for the period	-	-	-	-	88,963	-	(9,626)	1,104,114	1,183,451	3,543	1,186,994
Maintenance and production fund	-	-	-	-	-	(4,914)	-	4,914	-	-	-
Dividend declared (Note 13)	-	-	-	(252,771)	-	-	-	(270,911)	(523,682)	-	(523,682)
	-	-	-	(252,771)	88,963	(4,914)	(9,626)	838,117	659,769	3,543	663,312
Balance at 30 June 2025	5,887,384	508,662	366,484	102,907.00	(161,048)	76,721	(622,657)	4,918,582	11,077,035	221,395	11,298,430

The notes on pages 47 to 70 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Operating activities		
Cash (used in)/generated from operations	**(855,783)**	154,826
Income tax paid	**(268,236)**	(116,015)
Net cash (used in)/generated from operating activities	**(1,124,019)**	38,811
Investing activities		
Purchase of property, plant and equipment and others	**(129,659)**	(121,214)
Proceeds from disposals of property, plant and equipment and others	**372**	2,460
Addition of other long-term assets	**(8,077)**	(13,496)
Loans repaid by a fellow subsidiary	**200,000**	300,000
Proceeds from other investing activities	**148,651**	–
Interest received from a fellow subsidiary	**2,032**	592
Other interest income	**27,035**	38,039
Placement of time deposits	**(400,000)**	(850,000)
Proceeds from withdrawal of time deposits	**700,000**	700,000
Interest income from time deposits	**38,500**	7,175
Dividends received from a joint venture	**–**	82,247
Net cash generated from investing activities	**578,854**	145,803

Condensed Consolidated Cash Flow Statement (continued)

For the six months ended 30 June 2026 – unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Financing activities		
Repayment of bank loans	**(463,897)**	(507,557)
Proceeds from new bank and other borrowings	**847,219**	415,766
Capital element of lease rentals paid	**(7,095)**	(6,035)
Interest element of lease rentals paid	**(402)**	(787)
Other Interest paid	**(20,378)**	(22,419)
Net cash generated from/(used in) financing activities	**355,447**	(121,032)
Net (decrease)/increase in cash and cash equivalents	**(189,718)**	63,582
Cash and cash equivalents as at 1 January	**2,928,295**	3,103,537
Effect of foreign exchange rate changes	**(16,159)**	(4,950)
Cash and cash equivalents at 30 June	**2,722,418**	3,162,169

The notes on pages 47 to 70 form part of this interim financial report.

1 Basis of preparation

This interim financial report of Sinofert Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorized for issue on 25 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The Interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 39.

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2025 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2026.

2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products of service lines		
– Sales of compound fertilizer	**5,603,697**	5,166,550
– Sales of phosphate fertilizer	**4,921,517**	4,361,849
– Sales of potash fertilizer	**3,067,927**	2,988,443
– Sales of monocalcium/dicalcium phosphate ("MCP/DCP")	**1,053,910**	841,710
– Sales of special fertilizer	**305,583**	312,531
– Sales of other products	**1,328,332**	1,043,730
	16,280,966	14,714,813
Disaggregated by geographical location of customers		
– Mainland China	**15,548,907**	14,132,405
– Others	**732,059**	582,408
	16,280,966	14,714,813

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

3 Revenue and segment reporting (continued)

(b) Segment reporting

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

- Basic business: sales of strategically procured potash fertilizers, phosphate fertilizers and sulphur;
- Growth business: research, production and marketing of compound fertilizers and special fertilizers, and sales of crop protection (products) and seeds.
- Production business: production and sales business of Sinochem Yunlong, Sinochem Fuling and Sinochem Changshan.

	For the six months ended 30 June 2026				
	Basic business RMB'000	Growth business RMB'000	Production business RMB'000	Elimination RMB'000	Total RMB'000
External revenue	8,510,606	6,252,024	1,518,336	–	16,280,966
Internal revenue	3,731,994	2,076,780	1,659,077	(7,467,851)	–
Reportable segment revenue	12,242,600	8,328,804	3,177,413	(7,467,851)	16,280,966
Share of results of associates	–	–	8,071	–	8,071
Segment profit	716,845	476,269	301,874	–	1,494,988
Unallocated share of results of associates					(1,562)
Unallocated share of results of joint ventures					(44,996)
Unallocated expenses					(173,010)
Unallocated income					228,654
Profit before taxation					1,504,074

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

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

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

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

4 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest on bank and other borrowings	**20,218**	22,292
Interest on lease liabilities	**402**	787
	20,620	23,079

(b) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Depreciation charge		
– owned property, plant and equipment	**200,458**	194,126
– right-of-use assets	**21,262**	17,618
Amortization of intangible assets	**1,898**	1,622
Amortization of mining rights	**13,624**	13,738
Amortization of other long-term assets	**11,783**	11,959
Release of deferred income	**(7,038)**	(7,463)
(Gain)/loss on disposals of property, plant and equipment and others	**(5,242)**	842
Reversal of impairment loss on financial assets	**148,651**	–
Reversal of write-down of inventories	**(258)**	(3,222)

5 Income tax

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current taxation	**336,344**	251,210
Deferred taxation	**2,933**	3,069
	339,277	254,279

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

(ii) The provision for Hong Kong Profits Tax is calculated by applying at 16.5% (2025: 16.5%) of the estimated assessable profits for the six months ended 30 June 2026.

(iii) The provision for the PRC Enterprise Income Tax is based on the statutory rate of 25% (2025: 25%) on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain subsidiaries of the Group which enjoy a preferential tax rate according to related tax policies.

(iv) The provision for Macao SAR Profits Tax is calculated by applying at 12% (2025: 12%) of the estimated assessable profits for the six months ended 30 June 2026.

(v) The Group is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organization for Economic Co-operation and Development.

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

The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and accounted for the tax as current tax when incurred. No Pillar Two income tax was recognized during the six months ended 30 June 2026. The Group is in the process of making a continuous assessment of what the impact of Pillar Two model is expected to be on the income taxes.

6 Earnings per share

The calculation of basic earnings per share is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Profit attributable to owners of the Company		
Profit for the purpose of basic earnings per share	**1,178,130**	1,104,114

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

The Group has no dilutive ordinary shares outstanding for the periods ended 30 June 2026 and 2025. Therefore, there was no difference between basic and diluted earnings per share.

7 Property, plant and equipment

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2026, the Group acquired items of property, plant and equipment with a cost of RMB149,868,000 (the corresponding period in 2025: RMB148,519,000). Items of property, plant and equipment with a net book value of RMB511,000 were disposed of (the corresponding period in 2025: RMB3,302,000), resulting in a gain on disposal of RMB5,242,000 (loss in the corresponding period in 2025: RMB842,000).

(b) Impairment losses

No impairment loss was recognized during the six months period ended 30 June 2026 (the corresponding period in 2025: Nil).

8 Goodwill

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Carrying Amount		
At 1 January	853,673	861,053
Exchange adjustments	(12,656)	(7,380)
At 30 June/31 December	841,017	853,673

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Basic business	187,577	195,236
Growth business	88,271	91,876
Production business		
– Sinochem Yunlong	531,074	531,074
– Others	34,095	35,487
	841,017	853,673

No impairment of goodwill was recognized for the period ended 30 June 2026 and 2025.

9 Trade and bills receivables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade receivables	213,968	181,660
Less: loss allowance	(2,739)	(2,739)
	211,229	178,921
Bills receivable	357,950	207,276
Less: allowance for doubtful debts	(6,100)	(6,100)
	351,850	201,176
Total trade and bills receivables, net of loss allowance	563,079	380,097

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 3 months	432,875	281,280
Over 3 months but within 6 months	129,971	96,358
Over 6 months but within 12 months	233	2,459
	563,079	380,097

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

10 Trade and bills payables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade payables	**2,927,297**	2,762,424
Bills payable	**907,439**	1,657,082
Trade and bills payables	**3,834,736**	4,419,506

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 3 months	**3,081,100**	2,704,763
Over 3 months but within 6 months	**710,919**	1,679,243
Over 6 months but within 12 months	**11,198**	6,407
Over 12 months	**31,519**	29,093
	3,834,736	4,419,506

11 Other payables

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Payroll payables	**272,623**	170,064
Dividends payable	**447,322**	24,106
Payables for purchase of property, plant and equipment	**215,752**	221,303
Other taxes payables	**385,175**	578,462
Others	**333,915**	343,457
Financial liabilities measured at amortized cost	**1,654,787**	1,337,392
Fair value of forward foreign exchange contracts	**354**	–
	1,655,141	1,337,392

12 Bank and other borrowings

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Bank loans, unsecured	**754,220**	372,572
Bank loans, secured *(Note (i))*	**1,067,701**	1,066,027
Borrowings from Sinochem Holdings Corporation Ltd. ("Sinochem Holdings") *(Note (ii))*	**44,390**	44,390
	1,866,311	1,482,989

Notes:

(i) As at 30 June 2026, bank loans of RMB1,067,701,000 are secured by the Group's right-of-use assets of RMB163,041,000 and the Group's property, plant and equipment of RMB20,003,000, respectively (31 December 2025: bank loans of RMB1,066,027,000 are secured by the Group's right-of-use assets of RMB178,224,000 and property, plant and equipment of RMB20,334,000, respectively).

(ii) The entrusted borrowings from Sinochem Holdings through Sinochem Group Finance Co., Ltd. ("Sinochem Finance") are unsecured, bear fixed interest rate of 1.35% per annum and due for repayment on 10 April 2029.

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Within 1 year	**1,295,461**	830,866
After 1 year but within 2 years	**260,031**	255,679
After 2 years but within 5 years	**310,819**	396,444
	1,866,311	1,482,989
Less: amounts due within 1 year shown under current liabilities	**(1,295,461)**	(830,866)
Amounts shown under non-current liabilities	**570,850**	652,123

12 Bank and other borrowings (continued)

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

	Effective annual interest rate	**At 30 June 2026 RMB'000**	Effective annual interest rate	At 31 December 2025 RMB'000
Variable-rate borrowings	**2.11%-2.50%**	**1,065,786**	2.08% – 2.17%	1,129,039
Fixed-rate borrowing	**0.75%-2.16%**	**800,525**	1.35% – 3.00%	353,950
		1,866,311		1,482,989

13 Dividends

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

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2026 (the corresponding period in 2025: Nil).

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Final dividend in respect of the previous financial year of HK$0.0693 per share, equivalent to approximately RMB0.0602 per share (the corresponding period in 2025: HK$0.0571 per share, equivalent to approximately RMB0.0521 per share).	**423,219**	366,000
Special dividend in respect of the previous financial year: Nil (the corresponding period in 2025: HK$0.0246 per share, equivalent to approximately RMB0.0224 per share).	**–**	157,682
	423,219	523,682

14 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorized into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 input, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2026 RMB'000	Fair value measurements as at 30 June 2026 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Unlisted equity securities	208,094	–	–	208,094
Bills receivable	102,848	–	–	102,848
Other payables – forward foreign exchange contracts	(354)	–	(354)	–
Total	310,588	–	(354)	310,942

14 Fair value measurement of financial instruments (continued)

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

	Fair value at 31 December 2025	Fair value measurements as at 31 December 2025 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity securities	195,805	–	–	195,805
Bills receivable	32,230	–	–	32,230
Other receivables – forward foreign exchange contracts	491	–	491	–
Total	228,526	–	491	228,035

During the six months ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2025: Nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 2 fair value measurements

- The fair value of forward foreign exchange contracts is determined with reference to the difference between the contractual forward price and the forward rate as of period end.

Information about Level 3 fair value measurement

- The valuation model of the fair value of unlisted equity securities is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non-marketability of the equity securities and price to book value of the investee, with reference to the latest financing price of the investee.

- The fair value of bills receivable is measured using discounted cash flow method.

14 Fair value measurement of financial instruments (continued)

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

Information about Level 3 fair value measurement (continued)

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Unlisted equity securities:		
At 1 January	**195,805**	87,522
Changes in fair value during the period	**12,289**	118,618
At 30 June	**208,094**	206,140
Bills receivable		
At 1 January	**32,230**	45,524
Net increase	**70,618**	26,271
At 30 June	**102,848**	71,795

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

The carrying amounts of the Group's financial instruments carried at cost or amortized cost were not materially different from their fair values as at 31 December 2025 and 30 June 2026.

15 Capital commitment

Commitments outstanding at 30 June 2026 not provided for in the interim financial report

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Contracted but not provided for		
– Property, plant and equipment	**63,834**	93,976

16 Related party transactions

The related parties that had material transactions with the Group during the periods ended 30 June 2026 and 2025 were as follows:

Ultimate holding company

Sinochem Holdings
(中國中化控股有限責任公司)

Indirect holding company

Sinochem Group Co. Ltd. ("Sinochem Group")
(中國中化集團有限公司) (Indirect holding company since 23 December 2025)

China National Chemical Corporation (Indirect holding company before 23 December 2025)
(中國化工集團有限公司)

Syngenta Group (Indirect holding company before 23 December 2025)
(先正達集團股份有限公司)

Direct holding company

Sinochem Hong Kong (Group) Company Limited (Direct holding company since 23 December 2025)
(中化(香港)集團有限公司)

Fellow subsidiaries

Sinochem (United Kingdom) Limited
(中化(英國)有限公司)

Beijing Chemsunny Property Co., Ltd.
(北京凱晨置業有限公司)

Sinochem Finance
(中化集團財務有限責任公司)

Sinochem Agriculture Co., Ltd.
(中化現代農業有限公司)

China National Seed Group Co., Ltd.
(中國種子集團有限公司)

16 Related party transactions (continued)

Fellow subsidiaries (continued)

Adama (Beijing) Agricultural Technology Co., Ltd.
（安道麥（北京）農業技術有限公司）

Syngenta (China) Investment Co., Ltd.
（先正達（上海）作物保護科技有限公司）

Adama Co., Ltd.
（安道麥股份有限公司）

Adama Huifeng (Shanghai) Agricultural Technology Co., Ltd.
（安道麥輝豐（上海）農業技術有限公司）

Sinochem Crop Protection Products Co., Ltd.
（中化作物保護品有限公司）

Winall Hi-tech Seed Co., Ltd.
（安徽荃銀高科種業股份有限公司）

Hunan Dongting Hi-Tech Seed Industry Co., Ltd.
（湖南洞庭高科種業股份有限公司）

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

Beijing Junmao Real Estate Co., Ltd.
（北京俊茂置業有限公司）

Ningxia Ruitai Technology Co., Ltd.
（寧夏瑞泰科技股份有限公司）

Shenyang Research Institute of Chemical Industry Co., Ltd.
（瀋陽化工研究院有限公司）

Zhangye Sanbei Seeds Co., Ltd.
（張掖市三北種業有限公司）

16 Related party transactions (continued)

Fellow subsidiaries (continued)

Sinochem Jinmao Property Management (Beijing) Co., Ltd.
(中化金茂物業管理(北京)有限公司)

Sinochem Environmental Technology Engineering Co., Ltd.
(中化環境科技工程有限公司)

Sinochem Information Technology Co., Ltd.
(中化數智科技有限公司)

China Bluestar Chonfar Engineering and Technology Co., Ltd.
(中藍長化工程科技有限公司)

Zhonglan Lianhai Design and Research Institute Co., Ltd.
(中藍連海設計研究院有限公司)

Qinghai Yanyun Potassium Salt Co., Ltd.
(青海鹽雲鉀鹽有限公司)

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

Luxi Chemical Group Co., Ltd.
(魯西化工集團股份有限公司)

Bluestar Adisseo Nanjing Co., Ltd.
(藍星安迪蘇南京有限公司)

Anhui Kelihua Chemistry Co., Ltd.
(安徽科立華化工有限公司)

Sinochem Environmental Remediation (Shandong) Co., Ltd.
(中化環境修復(山東)有限公司)

16 Related party transactions (continued)

Associates

Yangmei Pingyuan Chemical Co., Ltd. (Associate before 29 May 2026)
(陽煤平原化工有限公司)

Beijing Aerospace Hengfeng Technology Co., Ltd.
(北京航天恒豐科技股份有限公司)

Yitong Digital Technology, also a fellow subsidiary of the Company
(益通數科科技股份有限公司)

Joint ventures

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

Gansu Wengfu Chemical Co., Ltd.
(甘肅甕福化工有限責任公司)

Other related party

Qinghai Salt Lake Industry Co., Ltd.
(青海鹽湖工業股份有限公司)

Associates of indirect holding companies

Beidahuang Agricultural Technology Co., Ltd.
(黑龍江北大荒農化科技有限公司)

Henan Junhua Development Co., Ltd.
(河南駿化發展股份有限公司)

Junhua Ecological Engineering Co., Ltd.
(駿化生態工程有限公司)

Heilongjiang Haohua Chemical Co., Ltd.
(黑龍江昊華化工有限公司)

A subsidiary of a shareholder with significant influence over the Company before 14 March 2025

Canpotex International Pte. Limited

16 Related party transactions (continued)

(a) Transactions with related parties

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Sales of fertilizers to		
Fellow subsidiaries	**506,455**	545,933
Joint ventures	**370,570**	160,804
An associate	**47,812**	6,872
Associates of indirect holding companies	**91,017**	60,654
	1,015,854	774,263
Purchases of fertilizers from		
Fellow subsidiaries	**231,236**	224,982
Associates of indirect holding companies	**–**	675
Joint ventures	**1,245,105**	1,102,364
Indirect holding company	**29,283**	43,378
Associates	**73,431**	53,134
A subsidiary of a shareholder with significant influence over the Company	**–**	142,795
Other related party	**429,254**	344,065
	2,008,309	1,911,393
Import service fee paid to fellow subsidiaries	**13,626**	10,082
Rental and management fee payable to fellow subsidiaries	**2,401**	1,636
Commission income received from a fellow subsidiary	**867**	1,428

16 Related party transactions (continued)

(a) Transactions with related parties (continued)

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest expenses to related parties		
Ultimate holding company	**303**	303
A fellow subsidiary	**2,076**	7,108
	2,379	7,411
Loans from a fellow subsidiary	**–**	9,435
Loans from the ultimate holding company	**44,390**	–
Repayments of loans from a fellow subsidiary	**23,729**	24,950
Repayments of loans from the ultimate holding company	**44,390**	–
Placements of time deposits with a fellow subsidiary	**400,000**	850,000
Withdrawals of time deposits with a fellow subsidiary	**700,000**	700,000
Proceeds from a related party	**111,557**	–
Repayments of loans to a fellow subsidiary	**200,000**	300,000
Rental income received from fellow subsidiaries	**633**	–
Interest income from a fellow subsidiary	**2,032**	592
Interest income of deposits with a fellow subsidiary	**48,984**	35,306

16 Related party transactions (continued)

(a) Transactions with related parties (continued)

Pursuant to an agreement with Sinochem Group, the Group purchases/sells certain agricultural products through Sinochem Group. The gross purchase and gross sale amount under this arrangement amounted to RMB2,963,313,000 and RMB2,934,030,000, respectively, for the six months period ended 30 June 2026 (the corresponding period in 2025: RMB2,229,981,000 and RMB2,186,598,000, respectively). Sinochem Group is acting as an agent of the Group. No agency fee was charged by Sinochem Group.

(b) Balances with related parties

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

	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Trade receivables	**41,611**	9,827
Other receivables and prepayments	**67,871**	498,706
Trade and bills payables	**259,069**	867,318
Other payables	**21,386**	22,641
Contract liabilities	**97,203**	23,588
Loans to a fellow subsidiary	**–**	200,000
Loans from the ultimate holding company	**44,390**	44,390
Loans from a fellow subsidiary	**151,428**	175,157
Cash and cash equivalents	**1,156,634**	1,538,216
Time deposit in a fellow subsidiary	**2,972,698**	3,269,031

(c) Compensation of key management personnel

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Salaries and other benefits	**3,258**	2,639
Retirement benefit scheme contributions	**542**	169
Fees	**854**	787
	4,654	3,595

17 Possible impact of amendments, new standards, and interpretations issued but not yet effective for the six months ended 30 June 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of HKFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1, *Presentation of financial statements*, and is first effective for annual reporting periods beginning on or after 1 January 2027.

HKFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of HKFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of HKFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and other comprehensive income and related note disclosures. Based on the work performed to date, the Group's assessment on the expected impact of the initial application of HKFRS 18 is summarised below. The assessment remains subject to change as the Group continues its implementation work.

17 Possible impact of amendments, new standards, and interpretations issued but not yet effective for the six months ended 30 June 2026 (continued)

(a) Structure of the statement of profit or loss and other comprehensive income

HKFRS 18 requires entities to classify income and expenses into specified categories in the statement of profit or loss and other comprehensive income, including operating, investing, and financing categories. It also requires entities to present two newly defined subtotals, which are "operating profit" and "profit or loss before financing and income taxes". The operating profit subtotal is expected to differ from the current profit from operations subtotal presented by the Group.

(b) Management-defined performance measures ("MPM")

MPMs are subtotals of income and expenses used in public communications outside the financial statements that communicate management's view of an aspect of the financial performance of the entity as a whole to users.

The Group will be required to disclose specific information about MPMs in a single note in the financial statements. The MPMs disclosed by the Group following adoption of HKFRS 18 will be determined based on public communications issued by the Group relating to the same reporting period.

(c) Principles of aggregation and disaggregation

HKFRS 18 provides enhanced principles on how to group information in the financial statements, including the primary financial statements and the notes. It also introduces guidance on labelling and describing items presented in the primary financial statements or disclosed in the notes.

The Group has been consistently applied the principles of aggregating and disaggregating the items on the basis of similar and dissimilar characteristics. The Group is also assessing line items currently labelled as "other" across the primary financial statements and the notes and expects to use more informative labels where material information would otherwise be obscured.

HKFRS 18 also introduces consequential amendments to HKAS 7, *Statement of cash flows*. The Group is assessing the impact of those amendments, including the requirement to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method and the classification of interest and dividend cash flows.

The actual impact of applying HKFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

INTERIM DIVIDEND

The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2026.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2026, to the best of the Directors' knowledge, the Directors and chief executives of the Company had interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (as defined in Part XV of the SFO) which would fall to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange as follows:

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

Note:

1. As at 30 June 2026, the total number of issued Shares of the Company was 7,024,455,733.

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2026, to the best of the Directors' knowledge, the following persons (other than Directors or chief executives of the Company whose interests are disclosed above) had interests or short positions in the shares or underlying shares of the Company as required to be recorded in the register maintained by the Company under section 336 of the SFO:

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

Notes:

1. Sinochem HK as the beneficial owner holds 3,698,660,874 Shares. Sinochem HK is a wholly-owned subsidiary of Sinochem Corp, which is wholly owned by Sinochem Group, while Sinochem Group is in turn wholly owned by Sinochem Holdings. Therefore, Sinochem Holdings, Sinochem Group, and Sinochem Corp are deemed to be interested in the Shares held by Sinochem HK.

2. On 6 December 2025, as part of an intra-group restructuring, Syngenta Group (HK) Holdings Company Limited ("Syngenta HK") entered into a share transfer agreement with Sinochem HK, pursuant to which Syngenta HK agreed to transfer all 3,698,660,874 ordinary shares of the Company held by it to Sinochem HK for nominal consideration. The total consideration for the transaction was HK$1.00. The transfer was completed on 23 December 2025. Following the completion of the Transfer, Sinochem HK has become the direct controlling shareholder of the Company. For details, please refer to the announcements dated 8 December 2025 and 23 December 2025 of the Company.

3. As at 30 June 2026, the total number of issued Shares of the Company was 7,024,455,733.

Save as disclosed above, to the best of the Directors' knowledge, the Company has not been notified of any other relevant interests or short positions held by any other person in the issued Shares as at 30 June 2026, which were required to be recorded in the register maintained by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the period. During the six months ended 30 June 2026 and up to the date of this report, the Company did not hold any treasury shares (including any treasury shares held or deposited in the Central Clearing and Settlement System).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code and its amendments from time to time as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all Directors, and all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2026.

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to establishing and maintaining sound standards of corporate governance, a robust internal control system and effective risk management mechanisms. They believe that good corporate governance is the cornerstone of the long-term stable development of the Company and can lay a solid foundation for efficient operational management, the cultivation of an excellent corporate culture, the high-quality development of business and the sustained enhancement of shareholder value. At the same time, the Board also actively enhances transparency and is accountable to all Shareholders.

The Company has complied with the applicable code provisions as set out in the Corporate Governance Code for the six months ended 30 June 2026.

REVIEW OF INTERIM REPORT BY AUDIT COMMITTEE

The Audit Committee comprises Mr. Sun Po Yuen (Chairman of the Audit Committee), Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Ms. Zhang Guangyan. The Audit Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and discussed audit and financial reporting matters, including the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2025 annual report are set out below:

Ms. Wang Ling, an executive Director, was appointed as the general counsel and chief compliance officer of the Company on 11 June 2026.