

ANNUAL REPORT

SYNGENTA FINANCE N.V.

AMSTERDAM

on the financial statements 31 December 2017

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DIRECTORS' REPORT

General information

Syngenta Finance N.V. (hereafter the "Company") was incorporated on 20 March 2007. Its principal activities are to borrow, lend and raise funds in order to finance Syngenta group companies. All raised funds are on-lent to the sole shareholder Syngenta Treasury N.V. The Company's ultimate holding company is China National Chemical Corporation, Beijing, People's Republic of China.

The Company and Syngenta Finance AG of Switzerland are issuers under the Syngenta Euro Medium Term Note Programme (the "EMTN Programme"), for which the Base Prospectus was dated 21 March 2014 and the Supplement was dated 2 March 2015. Syngenta AG of Switzerland, the intermediate holding company, guarantees, as applicable, the payment of all amounts due in respect of the Notes issued under the EMTN Programme. The maximum aggregate nominal amount of all notes that may from time to time be outstanding under the EMTN Programme is USD 5,000,000,000 (2016: USD 5,000,000,000). Risks associated with the Notes are disclosed in the Base Prospectus, which is available at the website www.bourse.lu.

Notes issued by the Company under the EMTN Programme are admitted to the Official List of the Luxembourg Stock Exchange and to trading on the regulated market of the Luxembourg Stock Exchange.

The Company is an issuer of Notes under the US Shelf programme, for which the Initial Prospectus was dated 16 November 2011 and the Supplementary Prospectus was dated 21 March 2012. Syngenta AG guarantees the payment of all amounts due in respect of the Notes issued under the US Shelf Program. Risks associated with the Notes are disclosed in the Initial and Supplementary Prospectus, that are available at the website www.sec.gov.

Notes issued by the Company under the US Shelf Programme are traded at the New York Stock Exchange.

The financing activities are fully dependent on developments and funding needs within the Syngenta group. No substantial change of activities is foreseen.

In February 2016 China National Chemical Corporation (ChemChina), Beijing, People's Republic of China pre-announced a public tender offer for all publicly held registered shares of Syngenta AG, Basel, Switzerland. On 18 May 2017 a change of control occurred because ChemChina acquired more than 50 per cent of the issued shares of Syngenta AG.

Financial information

The financial income of the Company amounted to USD 73,528,000 (2016 USD 71,292,000). The interest expenses of the Company increased from USD 70,418,000 in 2016 to USD 72,401,000 in 2017. The increase of the financial income and interest expenses was mainly caused by increased drawings under the global commercial paper program by the Company in 2017. All raised funds are lent on a back-to-back basis to the sole shareholder Syngenta Treasury N.V. with mirroring conditions.

The net profit of the Company increased to USD 891,000 (2016: USD 650,000) due to a higher interest margin. The Company does not account for income taxes, as these are recognised in the financial statements of the head of the fiscal unity, being Syngenta Treasury N.V.

During the year 2017, the following major transactions have been processed:

- In October 2017 the Floating Rate Note issued in 2014 with a face value of EUR 250,000,000 matured and was redeemed.
- Due to a change in control and a rating downgrade of Syngenta AG in May 2017, the US Private Placement investors had the right to require the Company to prepay its notes at par together with interest thereon to the prepayment date. In July 2017 USD 146,500,000 of the total of USD 250,000,000 was repaid.
- Compared to previous years, the Company made in 2017 more use of short term funding sources such as drawings under the Global Commercial Paper program and the committed, revolving, multi-currency syndicated credit facility and drawings.

The nature of Company's business exposes it to a range of financial and non-financial risks. These risks include (i) market risks – specifically foreign exchange and interest rate, (ii) counterparty credit risk, (iii) liquidity and refinancing risk, and (iv) operational risks, such as litigation.

The management of the financial risks is covered by participating in global, integrated risk management processes of the Syngenta Group. Within Syngenta Group, a financial risk management framework is in place in the form of a Treasury policy, approved by the Managing Board. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures.

In accordance with its Treasury policy, the Company actively monitors and manages financial risks as follows:

- Market risks: Although the Company's interest income and profitability are exposed to fluctuations in foreign currency and interest rates, it has transferred the vast majority of foreign currency and interest rate risk on to Syngenta Treasury N.V. by means of conditions mirroring its liabilities, leaving a negligible market risk exposure at the Company level.
- Counterparty credit risk: The Company's transactions within Syngenta Group (with its sole shareholder Syngenta Treasury N.V.) expose it to a significant concentration of credit risk. All the Company's financial liabilities from transactions with third parties on the money markets, credit and capital markets are guaranteed by Syngenta AG. The current credit rating of Syngenta AG by Moody's is Ba2/Not Prime, by S&P's BBB-/A-3 and Fitch BBB/F3.
- Liquidity and refinancing risk are managed by the following instruments:
 - In the first place, the operating cash inflows generated from the other members of the Syngenta Group (through the sole shareholder Syngenta Treasury N.V.) that are applied to pay the financial liabilities of the Company, are considered sufficient to cover the financial

obligations of the Company. This is evidenced by the current ratio of 1.01 (2016: 1.01) and the debt ratio 0.996 (2016: 0.997).

- Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by the Company.
- The Company together with Syngenta Wilmington Inc. has access to a USD 2,500,000,000 Global Commercial Paper program through Syngenta AG, which is supported by a committed, revolving, multi-currency syndicated credit facility. As at 31 December 2017, an amount of USD 225,000,000 (2016: USD 100,000,000) was drawn under the global commercial paper program by the Syngenta group via Syngenta Wilmington Inc. and an amount of EUR 206,800,000 (2016: EUR 0) via the Company.
- The amount of the committed, revolving, multi-currency syndicated credit facility was increased in May 2017 from USD 2,500,000,000 to USD 3,000,000,000. With effect from date of increase of the facility, the Company is a guarantor and a borrower. The contractual expiry of the committed, revolving, multi-currency syndicated credit facility date is in 2022. At 31 December 2017 USD 200,000,000 (2016 USD 0) was drawn under this facility by the Company.
- The Company's interest rates, duration and terms of financial assets and liabilities as well as their currency are generally matching, therefore leading to a reduced liquidity risk.

Furthermore, the Company is exposed to operational risks, such as transaction processing, legal, compliance, litigation and security. Additional information about policies and risks regarding financial instruments is described in note 14 of the financial statements.

Proposed appropriation of the profit for 2017

At the general meeting of shareholders it will be proposed to add the profit of 2017 to retained earnings.

Personnel

There is one employee in the service of the Company. In addition, the Company is being supported by various employees on the payroll of other Dutch based Syngenta companies.

Research and Development

The Company does not perform research and development activities.

Subsequent events

There have been no material subsequent events after balance sheet date.

Prospects for 2018

The Company will continue its activities for financing Syngenta group companies. The level of investments during 2018 is fully dependent on developments within the Syngenta Group.

Enkhuizen, 19 March 2018

The Managing Board:

J.D. Halliwell

D. Hueting

T.J.A. Meili

R.C. Peletier

R.M. Röthlisberger

L.W.F. Veldhuizen

BALANCE SHEET AS AT 31 DECEMBER 2017

before appropriation of profit

	Note	2017	2016
(in thousands of USD)			
Fixed assets			
Financial fixed assets	2	<u>2,041,076</u>	<u>2,031,095</u>
		2,041,076	2,031,095
Current assets			
Receivables	3	467,768	282,917
Cash at bank	4	<u>472</u>	<u>108</u>
		468,240	283,025
Total assets		<u><u>2,509,316</u></u>	<u><u>2,314,120</u></u>

	Note	2017	2016
(in thousands of USD)			
Shareholder's equity	5		
Paid-up and called-up share capital		54	47
Currency translation reserve		(708)	(1,739)
Retained earnings		8,939	8,289
Profit for the year		<u>891</u>	<u>650</u>
		9,176	7,247
Long-term liabilities	6	2,036,524	2,027,046
Current liabilities	7	463,616	279,827
Total shareholder's equity and liabilities		<u><u>2,509,316</u></u>	<u><u>2,314,120</u></u>

PROFIT AND LOSS ACCOUNT 2017

	Note	2017	2016
(in thousands of USD)			
Financial income		73,528	71,292
Financial expense		<u>(72,401)</u>	<u>(70,418)</u>
Net financial income (expense)	8	1,127	874
Operating expenses	9	<u>(236)</u>	<u>(224)</u>
Profit before taxation		891	650
Income taxes	10	-	-
Net profit		<u><u>891</u></u>	<u><u>650</u></u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General

Syngenta Finance N.V. (hereafter “the Company”) is a public limited liability company incorporated on 20 March 2007. The registration number at the Chamber of Commerce is 37131823. The Company has its registered office at Westeinde 62, 1601 BK, Enkhuizen, the Netherlands. Its statutory seat is in Amsterdam.

The objects of the Company are to participate in, take an interest in any other way in and conduct the management of other business enterprises of whatever nature, to borrow, lend and raise funds, amongst other by issuing bonds, promissory notes and other financial instruments and evidence of indebtedness as well as to enter into agreements, of any kind whatsoever in connection with such financing activities, to finance group companies and third parties and in any way to provide security or undertake the obligations of group companies and third parties, to invest in securities of any kind whatsoever to enter into foreign exchange transactions of any kind whatsoever as well as any kind of commodity and derivative transactions with group companies as well as with other parties and finally all activities which are incidental or may be conducive to any of the foregoing.

Syngenta Treasury N.V. is the direct shareholder of the Company. The Company's ultimate holding company is China National Chemical Corporation, Beijing, People's Republic of China. All raised funds are lent on a back-to-back basis to the sole shareholder Syngenta Treasury N.V.

The bonds of the Company are admitted to trading in Luxembourg and the US. Luxembourg is an EU regulated market, therefore the Company is an Organization of Public Interest (Organisatie van Openbaar Belang, OOB). The Netherlands is the home member state of the Company.

Basis of preparation

The Company's financial statements have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code. These financial statements have been prepared on the basis of the going concern assumption.

Foreign currency translation

The functional currency of the Company is Euro (“EUR”). The Company determined the EUR to be its functional currency on the basis that a substantial part of its transactions are EUR denominated. To align with Syngenta group, the presentation currency is United States Dollar (“USD”) therefore, as a result the financial statements are presented in USD. Transactions denominated in foreign currencies are initially carried at the exchange rates prevailing at the date of transaction.

Monetary balance sheet items denominated in foreign currencies are translated to the functional currency at the exchange rates prevailing at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the exchange rates prevailing at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the

exchange rates prevailing at the date of valuation. Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the profit and loss account.

All balance sheet items denominated at functional currency are translated to the presentation currency at the exchange rates prevailing at the balance sheet date. Exchange differences arising on the translation of (non) monetary items to presentation currency are taken directly to the foreign currency translation reserve. The foreign currency translation reserve is included under the legal reserves.

The year-end rate used for balance sheet items for 2017 is EUR 1 to USD 1.1980.

The year-end rate used for balance sheet items for 2016 is EUR 1 to USD 1.0547.

The average rate used for P&L items for 2017 is EUR 1 to USD 1.1296.

The average rate used for P&L items for 2016 is EUR 1 to USD 1.1069.

Estimates

The preparation of the financial statements requires the use of estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed periodically. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

The financial fixed assets in note 2 and receivables in note 3 are to the opinion of the management of the Company the most critical for the purpose of presenting the financial position and require estimates and assumptions.

Balance sheet

Financial instruments

These financial statements contain the following financial instruments: loans granted to group companies, other receivables, cash, loans obtained from third parties and other liabilities. Financial instruments are recognised in the balance sheet when the contractual rights or obligations in respect of that instrument arise. A financial instrument is no longer recognised in the balance sheet when there is a transaction that results in a transfer to a third party of all or substantially all of the rights to economic benefits and all or substantially all of the risks related to the position.

Financial fixed assets

Financial fixed assets represent loans granted to the sole shareholder Syngenta Treasury N.V. and initial measurement is at fair value plus transaction costs. After initial measurement, financial fixed assets are carried at amortised cost based on the effective interest rate method less impairment (if applicable).

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably. An impairment loss in respect of a financial

asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. A previously recognised impairment loss is reversed if the decrease of the impairment can be related objectively to an event occurring after the impairment was recognised. The reversal is limited to at most the amount required to measure the asset at its original amortised cost at the date of reversal had the impairment not been recognised. Impairment losses and reversals thereof are recognised in the profit and loss account. Interest on assets that are subject to impairment, continues to be recognised by unwinding the discount on the assets.

Receivables

Receivables represent loans receivable from Syngenta group companies with a maturity of less than one year and other receivables. Upon initial recognition, receivables are carried at fair value plus transaction costs and subsequently measured at amortized cost based on the effective interest rate method less impairments, if applicable.

Impairment of financial assets

A financial asset that is not stated at (1) fair value with value changes reflected in the profit and loss account, or at (2) amortised cost or lower market value, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) both individually and on a portfolio basis. All individually significant assets are assessed individually for impairment. Those individually significant assets found not to be individually impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of collections and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in the profit and loss account and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

Cash at bank

Cash at bank are carried at their face value.

Liabilities

Liabilities are recognized initially at their fair value less transaction costs, which represents the net proceeds of issuing the liability. Subsequently, liabilities are stated at amortized cost using the effective interest rate method. Liabilities are classified as current if the debt agreement terms require repayment within one year of the balance sheet date. Otherwise, they are classified as long-term.

Income taxes

The Company does not account for income taxes, as these are recognised in the financial statements of the head of the fiscal unity, being Syngenta Treasury N.V.

Profit and loss account

Net financial income (expense)

This represents the proceeds and costs from borrowing and lending.

Interest income and expense (including any premiums and discounts treated as interest charges) is recognised in the profit and loss account, based on the effective interest rate method.

Operating expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Any other obligations as well as potential losses arising before the financial year-end are recognised, if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Cash flow statement

The consolidated financial statements of Syngenta Group include a consolidated cash flow statement. Therefore the Company has not included a cash flow statement in its statutory financial statements. The Syngenta Group consolidated financial statements are available on the website www.syngenta.com.

2. Financial fixed assets

	2017	2016
(in thousands of USD)		
Loans to group companies		
Balance as at 1 January	2,031,095	2,337,073
Reclassification to short-term receivables	(372)	(263,152)
Amortisation of loans	12,691	1,554
Additions	1,676	771
Repayments	(146,500)	-
Foreign currency revaluation of loans	142,486	(45,151)
Total financial fixed assets as at 31 December	<u>2,041,076</u>	<u>2,031,095</u>

Loans to group companies bear interest between 1.35% and 5.59% (2016: 1.35% and 5.59%). The interest rates are on an arms' length basis. The face value of loans to group companies is EUR 1,000,000,000 (2016: EUR 1,000,000,000) and USD 853,500,000 (2016: USD 1,000,000,000).

The net gain of USD 142,486,000 on revaluation of loans to group companies relates to the translation of the functional currency balance in EUR to the presentation currency in USD.

The maturity dates of the loans to group companies range from 2020 up to 2042 (2016: 2020 up to 2042).

The carrying amounts of the loans to group companies can be split based on the maturity dates as follows:

- Loans maturing within 1-5 years: USD 1,135,069,000 (2016: USD 598,843,000);
- Loans maturing after 5 years: USD 906,007,000 (2016: USD 1,432,252,000).

As part of its credit policies, the Company has defined an internal credit limit for the sole shareholder Syngenta Treasury N.V. for a maximum amount of USD 12,000,000,000 (2016: USD 7,000,000,000) at interest rates corresponding to the Company's borrowing costs increased by all costs (if any) relating to the issue of debt securities which fund receivables under these credit limit. As at 31 December 2017 an amount of USD 2,489,985,000 was outstanding (2016: USD 2,308,573,000).

3. Receivables

Receivables and receivables from group companies

	2017	2016
(in thousands of USD)		
Other receivables	396	412
Amounts receivable from group companies	467,372	19,700
Loans receivable from group companies	-	262,805
Balance as at 31 December	<u>467,768</u>	<u>282,917</u>

Amounts receivable from group companies consists mainly of the on-lent of drawing of EUR 206,800,000 on the global commercial paper program and utilization of USD 200,000,000 of the committed, revolving, multi-currency syndicated credit facility, accrued interest and the recharge of expenses to Syngenta Treasury N.V. relating to the spread on bonds and guarantees. Recharges to group companies are calculated based on an arm's length principle.

Loans receivable from group companies as at 31 December 2016 represent the carrying amount of the receivable related to the Floating Rate Note that matured and was redeemed on 2 October 2017 with a nominal amount of EUR 250.000.000 lent on to Syngenta Treasury N.V. The interest rate for the Euro Floating Rate Note is the 3 month Euribor + 0.25%.

4. Cash at bank

	2017	2016
(in thousands of USD)		
Cash at bank	472	108

There are no restrictions on the availability of cash at bank.

5. Shareholder's equity

Movements in the individual items of equity in 2017 were as follows:

	Share capital	Currency translation reserve	Retained earnings	Profit for the year	Total
(in thousands of USD)					
Balance at 1 January 2017	47	(1,739)	8,289	650	7,247
Currency translation	7	1,031	-	-	1,038
Profit appropriation	-	-	650	(650)	-
Profit for the year	-	-	-	891	891
Balance at 31 December 2017	54	(708)	8,939	891	9,176

Movements in the individual items of equity in 2016 were as follows:

	Share capital	Currency translation reserve	Retained earnings	Profit for the year	Total
(in thousands of USD)					
Balance at 1 January 2016	49	(1,482)	7,978	311	6,856
Currency translation	(2)	(257)	-	-	(259)
Profit appropriation	-	-	311	(311)	-
Profit for the year	-	-	-	650	650
Balance at 31 December 2016	<u>47</u>	<u>(1,739)</u>	<u>8,289</u>	<u>650</u>	<u>7,247</u>

Paid-up and called-up share capital

Issued share capital is equal to the paid-up and called-up share capital of 45,000 ordinary shares of EUR 1.00 each. Shares were paid up in cash in 2007. The authorised share capital consists of 225,000 ordinary shares of EUR 1.00 each.

Currency translation reserve

The currency translation reserve is a legal reserve and reflects the impact of the translation of the Company's financial statements from the functional currency (EUR) to the presentation currency (USD).

6. Long-term liabilities

	2017			2016		
	> 5 years	1-5 years	Total	> 5 years	1-5 years	Total
(in thousands of USD)						
Amounts payable to third parties						
Balance as at 1 January	1,428,731	598,315	2,027,046	1,988,957	344,201	2,333,158
Reclassification to short-term debt	-	-	-	-	(263,425)	(263,425)
Reclassification between long-term liabilities	(498,584)	498,584	-	(525,860)	525,860	-
Addition of payables	-	-	-	-	-	-
Repayment of payables	(109,000)	(37,500)	(146,500)	-	-	-
Amortisation	11,615	1,903	13,518	1,697	739	2,436
Foreign currency revaluation of payables	71,013	71,447	142,460	(36,063)	(9,060)	(45,123)
Balance as at 31 December	<u>903,775</u>	<u>1,132,749</u>	<u>2,036,524</u>	<u>1,428,731</u>	<u>598,315</u>	<u>2,027,046</u>

Amounts payable bear interest between 1.25% and 5.59% (2016: 1.25% and 5.59%). The face value of payables to third parties is EUR 1,000,000,000 (2016: EUR 1,000,000,000) and USD 853,500,000 (2016: USD 1,000,000,000). The interest rates are fixed and do not depend on future changes in certain factors.

The net loss of USD 142,460,000 on revaluation of payables to third parties relates to the translation of the functional currency balance in EUR to the presentation currency in USD.

(in thousands of USD)	2017			2016		
	> 5 years	1-5 years	Total	> 5 years	1-5 years	Total
USD Private placements 2020	-	36,521	36,521	-	72,455	72,455
USD Private placements 2025	51,784	-	51,784	70,200	-	70,200
USD Private placements 2035	9,897	-	9,897	89,686	-	89,686
USD bond 2022	-	498,584	498,584	498,276	-	498,276
USD bond 2042	247,950	-	247,950	247,904	-	247,904
Eurobond 2021	-	597,644	597,644	-	525,860	525,860
Eurobond 2027	594,144	-	594,144	522,665	-	522,665
Amounts payable to third parties	903,775	1,132,749	2,036,524	1,428,731	598,315	2,027,046

The Company partly finances its intra-group financing activity through the issuance of debt securities.

- In 2012 an USD Bond was issued with a face value of USD 500,000,000 maturing on 28 March 2022 and bearing interest at a fixed rate of 3.125%.
- In 2012 an USD bond was issued with a face value of USD 250,000,000 maturing on 28 March 2042 and bearing interest at a fixed rate of 4.375%.
- In 2014 an Eurobond with a face value of EUR 500,000,000 maturing on 2 November 2021 and bearing interest at a fixed rate of 1.875%.
- In 2016 an Eurobond with a face value of EUR 500,000,000 maturing on 10 September 2027 and bearing interest at a fixed rate of 1.25%.

The USD bonds are listed at the New York Stock Exchange, the Eurobonds are listed at the Luxembourg Stock Exchange.

In 2005 three tranches of fixed rate notes under a Note Purchase Agreement in the US Private Placement market were issued with a group of investors for a total amount of USD 250,000,000. Due to a change in control and a rating downgrade of Syngenta AG in May 2017, the US Private Placement investors had the right to require the Company to prepay its notes at par together with interest thereon to the prepayment date. In July 2017 USD 146,500,000 of the total of USD 250,000,000 was repaid. The prepayment right due to the change of control elapsed in August 2017. After the partial repayment of the notes the three tranches mature as follows:

- USD 37,500,000 due on 8 December 2020 and bearing interest at a fixed rate of 5.11%.
- USD 55,000,000 due on 8 December 2025 and bearing interest at a fixed rate of 5.35%.
- USD 11,000,000 due on 8 December 2035 and bearing interest at a fixed rate of 5.59%.

Syngenta AG has fully and unconditionally guaranteed the bonds and the private placement notes. The current credit rating of Syngenta AG by Moody's is Ba2/Not Prime, by S&P's BBB-/A-3 and Fitch BBB/F3.

7. Current liabilities

	2017	2016
(in thousands of USD)		
Amounts owed to group companies	4,471	4,933
Other liabilities	11,399	11,406
Current financial debts	447,746	263,488
Total	<u>463,616</u>	<u>279,827</u>

Amounts owed to group companies consists mainly of guarantee fees and accruals for overhead expenses.

The current financial debts at 31 December 2017 concerns drawing of EUR 206,800,000 on the global commercial paper program and utilization of USD 200,000,000 of the committed, revolving, multi-currency syndicated credit facility. The current financial debts at 31 December 2016 concerns the Floating Rate Note of EUR 250,000,000 that matured and was redeemed on 2 October 2017.

Other liabilities can be broken down as follows:

	2017	2016
(in thousands of USD)		
Accrued interest 3rd party	11,373	11,386
Audit fees payable	26	20
Other expenses payable	-	-
Total	<u>11,399</u>	<u>11,406</u>

8. Financial income and expense

	2017	2016
(in thousands of USD)		
Interest income from group companies	73,557	71,296
Foreign exchange losses	(117,047)	(34,115)
Foreign exchange gains	<u>117,018</u>	<u>34,111</u>
Net foreign exchange gains (losses)	(29)	(4)
Financial income	73,528	71,292
Financial expense	(72,401)	(70,418)
Net financial income (expense)	<u>1,127</u>	<u>874</u>

The financial income and expense represents the income and expense related to the amounts receivable from group companies and bonds, private placements and drawings under the global commercial paper program and the committed, revolving, multi-currency syndicated credit facility.

The foreign exchange losses of USD 117,047,000 arising on the translation of USD denominated loans to group companies to the functional currency EUR. The foreign exchange gains of USD 114,876,000 arising on the translation of USD denominated amounts payable to third parties to the functional currency EUR.

9. Operating expenses

	2017	2016
(in thousands of USD)		
Salaries and wages	(32)	(30)
Social security	(9)	(6)
Recharges from group companies	(138)	(148)
Other operating income/(expenses)	(29)	(20)
Audit fees	(28)	(20)
Total operating expenses	<u>(236)</u>	<u>(224)</u>

Recharges from group companies are mainly finance operating support expenses from Syngenta Crop Protection AG. Recharges from group companies are calculated based on an arm's length principle.

The following fees were charged by KPMG Accountants N.V. to the Company as referred to in Section 2:382a (1) and (2) of the Netherlands Civil Code:

	2017			2016		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
(in thousands of USD)						
Audit of the financial statements	28	-	28	20	-	20
Other audit engagements	-	-	-	-	-	-
Tax-related advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
Total	<u>28</u>	<u>-</u>	<u>28</u>	<u>20</u>	<u>-</u>	<u>20</u>

10. Income taxes

Reconciliation of the effective tax rate

	2017	2016
(in thousands of USD)		
Profit for the year	891	650
Transfer profit to fiscal unity parent	<u>(891)</u>	<u>(650)</u>
Taxable income	-	-
Local tax rate (25%)		
Tax expense for the year	<u>-</u>	<u>-</u>

The applicable tax rate for the Company's financial statements is 25% (2016: 25%). The Company is part of the fiscal unity with its immediate holding company, Syngenta Treasury N.V. The Company does not account for income taxes, as these are recorded in the financial statements of Syngenta Treasury N.V., consequentially the effective tax rate 0.0 % (2016: 0.0%). The difference in tax rate is a consequence of the fact that tax charges are recorded through Syngenta Treasury N.V. There are no differences in tax rates or any other differences between situations in which profits or reserves are retained and situations in which profits or reserves are distributed.

11. Employees

Workforce

There is one employee in the service of the Company (2016: 1). In addition, the Company is being supported by various employees on the payroll of other Dutch based Syngenta companies.

Remuneration of and loans to members of the Board of Directors

The members of the Board of Directors did not receive any remuneration and have not taken out loans from the Company.

12. Related parties

Related parties

Syngenta Treasury N.V., Syngenta Crop Protection AG, Syngenta AG, Syngenta Wilmington Inc. and Syngenta Seeds B.V., are considered related parties. Syngenta Seeds B.V. and Syngenta Crop Protection AG provide support finance and treasury services, office space, (IT) facilities and administrative services to the Company on an at arm's length basis.

Ultimate holding company

China National Chemical Corporation, Beijing, People's Republic of China, is the ultimate holding company of the Company. Syngenta AG, the guarantor of the Company includes the financial data of the Company in its consolidated financial statements. The financial statements are available on the website www.syngenta.com.

13. Commitments not shown in the balance sheet

Liability

The Company together with Syngenta Treasury N.V. constitutes a fiscal unity for corporate income tax and value-added tax. The Company is jointly and severally liable for the tax liabilities of the Dutch group companies forming part of the fiscal unity. Total tax assets of the fiscal unity at 31 December 2017 amount to USD 622,000 (2016: liability of USD 559,000).

Other commitments not shown in the balance sheet

The Company, acting as guarantor and borrower, entered into a Revolving Credit Facility Agreement between the Company, Syngenta AG, other group entities and a group of international banks for USD 1,500,000,000 in 2012. In 2016 the credit facility is increased with USD 1,000,000,000 to USD 2,500,000,000 and in 2017 with USD 500,000,000 to USD 3,000,000,000. The credit facility matures in 2022. At 31 December 2017 USD 200,000,000 (2016 USD 0) was drawn under this facility.

The Company, acting as guarantor, entered into a bridge facility between the Company, Syngenta AG, other group entities and a group of international banks for USD 1,250,000,000 in November 2017. The bridge facility matures in November 2018 with the option to extend till April 2019. At 31 December 2017 there were no outstanding amounts drawn under this facility.

No guarantees have been issued for members of the Board of Directors by the Company.

14. Financial risks**Foreign currency risk**

The Company is not exposed to any significant foreign currency risks as it has lent on all proceeds from the issue of debt securities to the sole shareholder Syngenta Treasury N.V. with mirroring conditions.

Interest rate risk

The Company is not exposed to any significant interest rate risks as it has lent on all proceeds from the issue of debt securities to the sole shareholder Syngenta Treasury N.V. with mirroring conditions.

Counterparty credit risk

The Company's transactions with its sole shareholder Syngenta Treasury N.V. expose it to a significant concentration of credit risk. However, all of the Company's financial liabilities from transactions with third parties on the money markets, credit and capital markets are guaranteed by Syngenta AG. The current credit rating of Syngenta AG by Moody's is Ba2/Not Prime, by S&P's BBB-/A-3 and Fitch BBB/F3.

Liquidity and refinancing risk

Liquidity and refinancing risk are managed by the following instruments:

- In the first place, the operating cash inflows generated from the other members of the Syngenta Group (through the sole shareholder Syngenta Treasury N.V.) that are used to repay the financial liabilities of the Company, are considered sufficient to cover the financial obligations of the Company. This is evidenced by the current ratio of 1.01 (2016: 1.01) and the debt ratio 0.996 (2016: 0.997).
- The Company together with Syngenta Wilmington Inc. has access to a USD 2,500,000,000 Global Commercial Paper program through Syngenta AG, which is supported by a committed, revolving, multi-currency syndicated credit facility. As at 31 December 2017, an amount of USD 225,000,000 (2016: USD 100,000,000) was drawn under the global commercial paper program by the Syngenta

group via Syngenta Wilmington Inc. and an amount of EUR 206,800,000 (2016: EUR 0) via the Company

- The amount of the committed, revolving, multi-currency syndicated credit facility was increased in May 2017 from USD 2,500,000,000 to USD 3,000,000,000. With effect from date of increase of the facility, the Company is a guarantor and a borrower. The contractual expiry of the committed, revolving, multi-currency syndicated credit facility date is in 2022. As described in note 13, the Company acts as a borrower of the revolving credit facility agreement. At 31 December 2017 USD 200,000,000 (2016 USD 0) was drawn under this facility
- Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by the Company.
- The Company's interest rates, duration and terms of financial assets and liabilities as well as their currency are generally matching - leading to a reduced liquidity risk.

The Company does not make use of derivative financial instruments.

15. Fair value

The carrying value and fair value of the Company's financial assets and liabilities can be broken down as follows:

(in thousands of USD)	2017		2016	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Financial fixed assets	2,041,076	1,939,366	2,031,095	2,081,852
Receivables from group companies	467,768	467,768	282,917	282,917
Cash at bank	472	472	108	108
	<u>2,509,316</u>	<u>2,407,606</u>	<u>2,314,120</u>	<u>2,364,877</u>
Financial liabilities				
Long-term liabilities	2,036,524	1,939,366	2,027,046	2,081,852
Current liabilities	463,616	463,616	279,827	279,827
	<u>2,500,140</u>	<u>2,402,982</u>	<u>2,306,873</u>	<u>2,361,679</u>

The estimated fair value of the financial assets and liabilities is determined using available market information and appropriate valuation methods. The following methods and assumptions have been used to estimate the market value of the financial instruments:

- Current and non-current assets and liabilities representing the bonds issued with financial counterparties and the fixed rate notes under a Note Purchase Agreement in the US Private Placement market, and the related loans to Syngenta group companies.
- The levels of fair value hierarchy used for the bonds and private placements are defined as follows:
 - o Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.
- Financial liabilities represent both exchange traded bonds and non-exchange traded private placement notes issued by the Company. The fair value disclosed consists of level 2 fair value measurements derived from observable price quotations for the bonds.
- All raised funds are lent on a back-to-back basis to the sole shareholder Syngenta Treasury N.V. Therefore the fair value of the financial fixed assets and long term liabilities are the same.
- All other financial assets and liabilities: given the short term of these instruments, the carrying value is close to the market value.

16. Events after the balance sheet date

There have been no material subsequent events after balance sheet date.

17. Proposed appropriation of the profit for 2017

If the General Meeting of Shareholders accepts this proposal, the net profit for 2017 of USD 891,000 will be added to the retained earnings.

Enkhuizen, 19 March 2018

The Managing Board:

J.D. Halliwell

D. Hueting

T.J.A. Meili

R.C. Peletier

R.M. Röthlisberger

L.W.F. Veldhuizen

OTHER INFORMATION

Articles of Association provisions governing profit appropriation

Profit is appropriated in accordance with Article 17.2 of the Articles of Association, which states that the General Meeting of Shareholders shall determine the allocation of the profit.

INDEPENDENT AUDITOR'S REPORT

To: The General Meeting of Shareholders and the Board of Directors of Syngenta Finance N.V.