SINOFERT HOLDINGS LIMITED
中化化肥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

- The Group's revenue was RMB16,701 million for the current period, up by 5.16% year on year
- Profit attributable to owners of the Company for the current period was RMB342 million, up by 147.83% year on year
- Basic earnings per share for the current period was RMB0.0487, up by RMB0.0291 year on year
- The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2015

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors ("the Board"), I hereby present to all the shareholders the interim results of Sinofert Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015.

In the first half of 2015, the severe economic situation still continued both in China and abroad and together with the fierce competition in the fertilizer market, the Company persistently promoted the various strategic agendas put forward at the beginning of the year, actively took various measures, made great efforts to mitigate the impact of unfavourable factors and achieved better business performance. Total sales volume of the Group amounted to 8.12 million tons, sales revenue was RMB16,701 million, and profit attributable to the owners of the Company was RMB342 million. The cost to income ratio, cash flow from operating activities, current asset turnover ratio, capital structure and other operation quality indicators of the Company were in good condition and the Company was publicly rated BBB+ by Fitch Ratings in March 2015. At the same time, the Group's operating capacity was consolidated and enhanced, and the strategic partnership with international suppliers was further stepped up.

In the second half of 2015, the growth rate of China's economy is expected to stabilize, the development of agricultural economy in China will remain stable and the oversupply conflict in the fertilizer industry will still be prominent. However, against this background, the Chinese government is accelerating agricultural restructuring, changing the agricultural development mode, speeding up the promotion of agricultural modernization, implementing the "internet+ agriculture" strategy and promote the sustainable development of agriculture, which will bring new opportunities for the Group to bring in new ideas for operation and deepen transformation.

Confronted with a complex and changeable market environment, the Group will pay close attention to basic management, try to achieve cost reduction and efficiency improvement, actively seize the market opportunities, expand the operating results, strictly control the HSE risk, operating risk and quality risk, speed up innovation and transformation and stabilize the profit model.

Last but not the least, on behalf of the Board, I would like to take this opportunity to extend our heartfelt appreciations to all the shareholders and customers of the Group. We hope to have your continuous attention and support in our future development. The Company's management and employees will bear in mind the concept of "creating value and pursuing excellence", make special efforts, and continue to make great contributions to the development of the Group.

Liu De Shu
Chairman of the Board
Hong Kong, 27 August 2015

MANAGEMENT REVIEW AND PROSPECT

Business Environment

In the first half of 2015, the global economy was still struggling to recover, with different growth rates in different regions. The economic growth rate in developed countries gradually rebounded, while the economic growth in emerging markets and developing economic entities was generally below expectation due to the decline of commodity prices and tight financial status. In China, the economic development has stepped into a new normal with the growth rate changing from high speed to medium-and-high speed, and the downward pressure for China's economic growth increased. The Chinese government kept to seek progress in stability, precisely implemented the macroeconomic regulation, and steadily promoted the system reform and innovation. In the first half of 2015, the key indicators of national economic operation in China gradually recovered, and the economic development tended to stabilize.

In the first half of 2015, global food prices began to gradually rebound, while the production cost of domestic agriculture increased sharply and the prices of bulk agricultural products in China were higher than the international market in general, which brought a big challenge the Chinese government had to face with – how to innovate the agricultural support and protection policies, and improve the competitiveness of domestic agriculture under the "double squeeze". The No.1 Central Document in 2015 focused on the three rural issues (issues on agriculture, rural areas and farmers) once again and food security is still the top priority of the Chinese government. High-quality fertilizers are indispensable to food security, and China is shifting from the former extensive development model of focusing on grain output and excessive fertilizer application to the current intensive development model of focusing on grain output, quality and efficiency, and meanwhile paying attention to agricultural scientific innovation and sustainable development.

In the first half of 2015, the overall fertilizer industry was still faced with severe conditions with excess production capacity, cost of production factors including natural gas and electricity increasing, and preferential policies on railway freight cancelling, which led to great losses to some fertilizer enterprises. However, due to the increase of idle production capacity and slight decrease of production output, the fertilizer prices recovered after several years of downturn. Besides, in order to promote the optimization and adjustment of the fertilizer industry, the Chinese government has been actively encouraging the merger and acquisition among fertilizer enterprises, and promoting the transformation and upgrading of the fertilizer industry through eliminating less competitive production capacity and strengthening technical innovation.

Confronted with the severe market environment, the Group actively implemented the "123" strategy with 1 core of taking root in modern agriculture, 2 cornerstones of reform & innovation and lean management, 3 business sections of straight fertilizer, compound fertilizer and new fertilizer, and realized sustainable development and ensured the leading position of the Group in the industry under the leadership of the Board.

Financial Highlights

For the six months ended 30 June 2015, the Group's revenue amounted to RMB16,701 million, increased by 5.16% compared to the corresponding period in 2014; and profit attributable to owners of the Company amounted to RMB342 million, increased by 147.83% compared to the corresponding period in 2014.

Resource Guarantee

In the first half of 2015, Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong"), a subsidiary of the Group, carried out the construction of Dawan phosphate mine as planned, and realized some mining and sales of phosphate rock; the deep exploration of Dawan mine was also further promoted, and therefore the phosphate mine reserve with the mining right could be further increased. The Group would take various measures to constantly enlarge the value contribution of the phosphate mine resource in Sinochem Yunlong, thus laying a solid foundation for the Group to get through the industrial chain of phosphate and phosphoric chemicals.

Since the launch of the Group's acquisition of 15.01% equity interest in Qinghai Salt Lake Industry Group Co., Ltd. ("Qinghai Salt Lake") from Sinochem Corporation, an indirect controlling shareholder of the Group in the second half of 2014, various work related to the transaction has achieved steady progress in the first half of 2015 and the transaction has subsequently been approved by the Board, the general meeting of shareholders and State-owned Assets Supervision and Administration Commission ("SASAC"). The Group would hold 23.95% equity interest in Qinghai Salt Lake upon the completion of the transaction, which would be conducive to further consolidate the Group's leading position in China's potash market. Besides, the Group would continue to implement the strategy of acquiring upstream resources with a global perspective, and a number of high-quality projects are carried out in an orderly way.

Production and Manufacturing

In the first half of 2015, the total annual fertilizer production capacity of the Group's subsidiaries, associates and joint ventures exceeded 12 million tons. The production subsidiaries of the Group centred on the Group's "123" strategy, took "reform & innovation" and "lean management" as the cornerstones, and attached great importance to basic management, constantly reduced the production cost and improved the production efficiency, which helped to improve the performance remarkably.

Sinochem Chongqing Fuling Chemical Fertilizer Co., Ltd. ("Sinochem Fuling"), a subsidiary of the Group with an annual production capacity of 1.6 million tons, produced 660,000 tons of phosphate, compound fertilizers and other products in the first half of 2015. Facing the unfavourable environment of increasing cost on the raw materials, Sinochem Fuling strengthened lean management, insisted on the low cost strategy, continued to invest in scientific innovation, and meanwhile actively seized the operational opportunities brought by the recovery of the market, which helped to greatly improve the business performance compared to the corresponding period in 2014. Besides, Sinochem Fuling constantly optimized the logistics system and took diversified transportation methods to reduce logistics cost; and continuously strengthened HSE management to fully ensure the production safety.

Sinochem Jilin Changshan Chemical Co., Ltd. ("Sinochem Changshan"), a subsidiary of the Group with an annual production capacity of 400,000 tons, produced 160,000 tons of urea in the first half of 2015. Sinochem Changshan actively promoted advanced manufacturing, and constantly strengthened cost saving and consumption reduction as well as management improvement, and successfully passed the certification of implementing the standards regarding the integration of information technology and industrialization promoted by the Ministry of Industry and Information Technology and won the quality award of Jilin province; the urea renovation and expansion project in Sinochem Changshan was carried out as planned and the project has begun the pilot running in succession. After the expansion project goes into operation, the annual production capacity of synthetic ammonia and urea in Sinochem Changshan would increase to 360,000 and 600,000 tons respectively.

With an annual production capacity of 300,000 tons of Monocalcium (MCP)/Monodicalcium Phosphate (MDCP) and 1 million tons of phosphate rock mining capacity, Sinochem Yunlong produced and sold 150,000 tons of MCP/MDCP respectively in the first half of 2015, presenting steady improvement compared to the corresponding period in 2014. Besides, after reaching the international advanced level on product quality and gaining the quality system certification of both ISO and FAMI-QS (European Feed Additives and Premixture Quality System), Sinochem Yunlong continued to pay great attention to quality management, which helped to further improve the quality of the products.

Marketing Business

The Group resolutely carried out the established operational strategies, continuously intensified the construction of marketing service ability and the management of customers. In the first half of 2015, sales volume achieved 8.12 million tons, which further consolidated the Group's status as the biggest fertilizer distributor and service provider in China.

Potash Operations: Sales volume of potash fertilizer amounted to 1.71 million tons in the first half of 2015. The Group further stepped up its strategic partnership with international potash suppliers; deeply promoted the channel marketing of potash for agriculture, tapped the potential of crop demands and realized the steady growth in the sales volume of potash for agriculture; consolidated the strategic cooperation with Qinghai Salt Lake and improved the contribution of sales volume and profit of industrial potash, which would lay a good foundation for the potash business operation in the second half of 2015.

Nitrogen Operations: In the first half of 2015, the Group continued to maintain the leading status in terms of market share of nitrogen in China with a sales volume of 2.67 million tons. The Group effectively studied the market trend in the first half of 2015, adjusted the operational model of nitrogen, and precisely grasped the rhythm of procurement and sales; rapidly promoted the operation of new nitrogen products through strengthening the marketing of UAN and alginates, to improve the profit contribution; and actively promoted regional integration and achieved staged progress.

Phosphate Operations: Sales volume of phosphate amounted to 1.69 million tons in the first half of 2015. The integration work in phosphate was highly effective: in the integration of sales, the Group effectively ensured that Sinochem Fuling utilized full production capacity and realized full sales; in the integration of procurement, the Group made overall arrangements for the manufacturing subsidiaries to supply the fertilizers so as to ensure zero risk of supply for the operation of the enterprises; and in the integration of export, the Group coordinated and secured the supply of fertilizers, thus leading to a new record for the export volume of MAP.

Compound Fertilizer Operations: Sales volume of compound fertilizers amounted to 1.53 million tons in the first half of 2015. The Group deeply promoted the integration and marketing transformation of compound fertilizers, established the mechanism of coordination on production and sales, and improved the operational efficiency; continued to promote the construction of marketing capabilities of the Company and the branches, strengthened the fostering of key dealers, built a network of key retail stores in terminal market, and improved the marketing and service capabilities of compound fertilizers; enlarged the marketing of strategic products and further optimized the product structure of compound fertilizers.

MCP/MDCP Operations: Sales volume of MCP/MDCP amounted to 150,000 tons in the first half of 2015. In the aspect of production, the Group focused on the basic management, and the output and quality of the products improved steadily compared to the corresponding period in 2014; in the aspects of production, materials and procurement, cost reduction and efficiency improvement was carried out with significant decline in cost in the first half of 2015; in the aspect of market development, the Group strengthened the construction of domestic sales team and further enlarged the sales volume of MCP/MDCP in domestic market on the basis of consolidating the overseas market.

The Group continued to optimize the existing distribution network, enhanced the customer management, guided and supervised the process of marketing and service providing, and comprehensively improved the marketing and service providing capabilities. In the first half of 2015, the profitability of the distribution centres was continuously improved. The Group would continue to promote the marketing transformation of the distribution network, consolidate the existing achievement in terms of transformation, and meanwhile promote the channel marketing of compound fertilizers and potash for agriculture, strengthen the construction of retail stores in the end market, optimize the structure of products, improve the professional level of business personnel and enrich the overall marketing and service providing capabilities.

Internal Control and Management

The Group actively promoted the system building of internal control and risk management. Besides the special committees of the Board, the Group also set up eight special management committees including risk and internal control, procurement and auditing committees, and vigorously promoted the internal control and risk management system which is “risk management oriented, internal control centred” within the scope authorized by the Board.

The Group's internal control and risk management system was built according to the "Internal Control-Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (hereinafter referred to as "COSO") in the United States and the "Internal Control and Risk Management-A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants, and was in reference to the "Basic Rules of the Enterprise Internal Control" and its referencing guidelines issued by five ministries and commissions of China's central government. The Group conducted an annual assessment on comprehensive internal control and risk management, with full participation from the headquarters, distribution network, production subsidiaries and overseas institutions, and reviewed the internal control factors and key risks and control points. The Group's internal control and risk management system provided effective support to cope with the changing domestic and international environment, served the Group's strategic transformation, ensured the interest of the owners of the Company, asset safety and strategic implementation, and also met the compliance requirements from both the domestic and the overseas regulatory organizations.

Corporate Social Responsibility

The Group actively brought into play its influence and leading status in the industry, consolidated its leading position in the market and strove to become a resource-saving and environmental-friendly model enterprise with advanced technology in the industry and also an important pillar supporting the national agricultural safety.

Associated with the Department of Science, Technology and Education, Ministry of Agriculture of China, and Central Agricultural Broadcasting and Television School, the Group launched the campaign of "Sinofert Devotion and Rural Dreams" on 21 April 2015, with the theme of "cooperation between government and enterprises to foster new farmers, scientific and technical support to boost modern agriculture". The campaign of "Sinofert Devotion and Rural Dreams" is not only the optimization and upgrading the Group carried out to the trinity system of agricultural service, but also the practical action the Company took to implement the spirits of the No.1 Central Document, to boost the development of modern agriculture with "highly efficient crop yield, safe product, being resource saving, and environmental friendly", to ensure stable food supply and the increase of grain output, and to strive to perform the corporate social responsibility. During the spring ploughing in 2015, the group further enriched the contents of the campaigns, actively explored the mechanism and model jointly conducted by government, enterprises, and universities for the fostering of new professional farmers, and fostered new professional farmers with the Ministry of Agriculture of China etc.. At the end of April 2015, "Workshop for the Training of New Professional Farmers in Huang-Huai-Hai Region & Seminar on Capability Improvement of Grain King in North China" was held in Linyi, Shandong Province, by the Group, Department of Science, Technology and Education, Ministry of Agriculture of China, and Central Agricultural Broadcasting and Television School, with more than 100 big planters present from provinces including Hebei, Henan, Shandong, Anhui and Jiangsu. At the end of June 2015, "Workshop for the Fostering of New Professional Farmers and Capability Improvement of Grain King" in East China and Central China was launched in Zhangshu City by the Group, Department of Science, Technology and Education, Ministry of Agriculture and the Agriculture Department of Jiangxi Province, with more than 120 participants from provinces such as Jiangxi, Hunan, Hubei and Jiangsu. The two workshops furthered improved the attendees' philosophy on production and operation as well as the grain production capability. Besides, the Group also actively got involved in projects such as "Modern Young Farmers Plan" and "The Construction of Start-up Base for New Type of Professional Farmers" initiated by the Ministry of Agriculture of China. With the main theme of exploring zero growth in the investment of fertilizer and pesticide, the Group provided scientific and technical support to new type of operation entities based on local conditions, and continued to conduct various kinds of public agrochemical service activities including scientific and technological service for 10,000 villages, right protection and anti counterfeiting in terms of agricultural materials, and securing the supply of high-quality products.

2015 is the second year of the cooperation between the Group and the Planting Industry Management Department, Ministry of Agriculture to promote scientific fertilization. Holding the concept of "yield-increasing fertilization, economic fertilization, and environmental-friendly fertilization", the Group will explore the feasible cooperation mechanism between farmers and enterprises and the promotional mode of scientific fertilization based on different regions and different industries, settle down to the protection and improvement of arable land, increase the utilization of organic fertilizer, reduce the unreasonable inputs to fertilizer, insist on the road of high output and high efficiency, high quality and being environmental friendly, and sustainable development, strive to promote the grain yield, farmers' income and the safety of the ecological environment, enlarge the coverage area of soil testing and formulated fertilization, help to change farmers' application pattern, improve the level of scientific fertilization, and boost the yield increase and efficiency improvement for agriculture and the transformation and upgrading of the fertilizer industry.

2015 is the last year of the scientific campaign of "Double Growth 200" for corn in Northeast China initiated by the Ministry of Agriculture. The Group conducted this campaign together with the Ministry of Agriculture since 2012, and achieved the comprehensive result of both corn production output and production value increasing, and the production cost decreasing in some regions in the three provinces in Northeast China through extensive online promotion, continuous agrochemical services and in-depth technical accumulation. This year, the Group will further consolidate the achievement of the scientific campaign of "Double Growth 200" for corn in Northeast China, and promote the application of technologies in demonstration counties of main planting areas of corn, such as precision seeding, integration of water and fertilizer, drip irrigation under the plastic film, sowing seeds while applying fertilizer, and the whole process of mechanization to realize the effective implementation of the key technologies regarding the reduction of the consumption of fertilizer and pesticide, together with the experts from national corn industry system as well as regional scientific research institutions.

In the future, the Group will continue to focus on the development of modern agriculture and the scientific and technological demand of farmers, deepen cooperation with the Chinese government, scientific institutions and colleges and universities, centred on key projects such as soil testing and fertilization, combination of agricultural machinery and agronomy, integration of water and fertilizer and integrated solution method for crops, pool the internal and external resources of the Group, constantly make innovations in terms of service measures and continue to provide high quality, professional and high-efficiency comprehensive services for the Chinese farmers.

The Group continued to strengthen HSE management, and combined it with its sustainable development to ensure the production safety. Progress was achieved in energy saving and emission reduction and the four obligatory indicators – total energy consumption, power consumption, SO_2 and COD per RMB10,000 output value were all further reduced compared to the same period in 2014.

Outlook

In the second half of 2015, China's economy would still face a relatively big downward pressure, the Chinese government will promote the optimization of economic structure and China will enter into a new era of comprehensive reform, which will bring the adjustments to various authority-responsibility relationships, such as simplifying administrative procedures and delegating powers to lower levels, reform on price system, reform on fiscal and tax system, and reform on land system and so on, thus providing greater room for enterprises to develop and creating more development opportunities.

The No.1 Central Document in 2015 has focused on agriculture for the 12th consecutive year, and highlighted that "a powerful country relies on powerful agriculture" and "the transformation of agricultural development pattern must be accelerated under the construction of modern agriculture". The Chinese government has put emphasis on agricultural modernization for two consecutive years, and it is apparent that agricultural modernization has become a key indicator of the entire modernization construction. In the future, China will embark on the development road of modern agriculture with the features of high efficiency, safe products, being resource saving and environmental friendly. Agricultural structure will be further adjusted in the future, which would help to optimize the comprehensive development of agriculture. The quality of agricultural products and food security would be further improved, and the traceable and sharable information platform of agricultural product quality and food security would be established. The driving effects of agricultural scientific innovation would be strengthened and technical innovation in agricultural machinery, fertilizer and pesticide enterprises would be supported. Meanwhile, the Chinese government will strive to increase the income of farmers, strengthen the policy support to agriculture, and improve the enthusiasm of farmers to plant crops. The great attention the Chinese government paid to the strategic position of agriculture and the implementation of various policies and measures would comprehensively promote the development of agricultural modernization, thus providing a long term and stable support to the development of the fertilizer industry.

In the future, the domestic fertilizer market will still suffer from oversupply and the merger and acquisition in both production and circulation sectors will increase. Faced with a severe market competition, the Group, as a leading enterprise in China's fertilizer industry, will continue to stick to the mission of serving agriculture, take root in modern agriculture with the cornerstones of reform & innovation and lean management, and provide high-quality fertilizer products and solutions to customers to help farmers become more wealthy, rural areas more beautiful, and agriculture more modernized.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2015, the Group seized the opportunity of price recovery in the fertilizer market, actively adopted various measures, constantly deepened innovation and transformation, improved cost control and realized sustainable growth of business performance. For the six months ended 30 June 2015, sales volume of the Group was 8.12 million tons, down by 1.58%, and revenue was RMB16,701 million, up by 5.16%, compared to the corresponding period in 2014.

For the six months ended 30 June 2015, gross profit of the Group was RMB1,060 million, up by 43.63% compared to the corresponding period in 2014; profit attributable to owners of the Company was RMB342 million, up by 147.83% from RMB138 million for the six months ended 30 June 2014.

I. Operation Scale

1. Sales volume

For the six months ended 30 June 2015, sales volume of the Group was 8.12 million tons, down by 1.58% from 8.25 million tons compared to the corresponding period in 2014. From the point of product structure, the decrease of 510,000 tons in sales volume of nitrogen fertilizer compared to the corresponding period in 2014 was due to that the Group reduced the scale of procurement and sales of nitrogen fertilizer in order to control risks and maintain steady operation against the continuous fluctuation of nitrogen fertilizer price in the first half of 2015. Compound fertilizer businesses increased by 370,000 tons in sales volume over the corresponding period in 2014 by taking advantage of its competitive edge of the whole industrial chain, with stable supply from the subsidiaries of the Group and better channel marketing and brand promotion. Apart from nitrogen and compound fertilizer, sales volume of other fertilizers was basically stable and the market share of all types of fertilizers still maintained the leading status.

2. Revenue

For the six months ended 30 June 2015, revenue of the Group was RMB16,701 million, up by RMB820 million, or 5.16% over the corresponding period in 2014. It was mainly attributable to the fact that the market price of fertilizer in the first half of 2015 recovered although the sales volume decreased over the corresponding period in 2014, the average selling price increased by 6.85%, thus the revenue increased over the corresponding period in 2014.

The breakdown of revenue by products of the Group for the six months ended 30 June 2015 and the corresponding period in 2014 is as follows:

Table 1:

	For the six months ended 30 June			
	2015		2014	
	Revenue	**Proportion to total revenue**	Revenue	Proportion to total revenue
	RMB'000		*RMB'000*	
Potash Fertilizers	**3,691,597**	**22.10%**	3,400,949	21.42%
Nitrogen Fertilizers	**3,870,103**	**23.17%**	4,606,627	29.01%
Compound Fertilizers	**4,060,188**	**24.31%**	3,111,137	19.59%
Phosphate Fertilizers	**4,246,751**	**25.43%**	3,761,262	23.68%
MCP/MDCP	**385,380**	**2.31%**	316,682	1.99%
Others	**447,173**	**2.68%**	684,049	4.31%
Total	**16,701,192**	**100.00%**	15,880,706	100.00%

3. ***Revenue and result by segment***

The operating segments of the Group include marketing and production. Marketing refers to the sourcing and distribution of fertilizers and agriculture related products and production refers to the production and sales of fertilizers.

The following is the analysis of the Group's revenue and profit by operating segment for the six months ended 30 June 2015 and the corresponding period in 2014:

Table 2:

	For the six months ended 30 June 2015			
	Marketing	**Production**	**Elimination**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue				
External revenue	**15,602,458**	**1,098,734**	**–**	**16,701,192**
Internal revenue	**726,387**	**2,165,994**	**(2,892,381)**	**–**
Segment revenue	**16,328,845**	**3,264,728**	**(2,892,381)**	**16,701,192**
Segment gross profit	**724,448**	**335,750**	**–**	**1,060,198**
Segment profit	**459,583**	**16,464**	**–**	**476,047**

	For the six months ended 30 June 2014			
	Marketing	Production	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue				
External revenue	14,510,838	1,369,868	–	15,880,706
Internal revenue	488,104	1,316,310	(1,804,414)	–
Segment revenue	14,998,942	2,686,178	(1,804,414)	15,880,706
Segment gross profit	587,095	150,941	–	738,036
Segment profit/(loss)	288,344	(111,505)	–	176,839

Segment profit/(loss) represents the profit/(loss) earned by each segment without taking into consideration unallocated expenses/income, share of results of associates and joint ventures and finance costs. Such information was reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

The Group's segment profit for the six months ended 30 June 2015 increased by RMB299 million, or 168.93% compared to the corresponding period in 2014. Among which, the segment profit of Production and Marketing increased by RMB128 million and RMB171 million respectively over the corresponding period in 2014. The increase of segment gross profit was mainly attributable to the fact that the fertilizer market recovered and the fertilizer prices increased while the operational guideline of cost reduction and efficiency improvement adopted by the Group achieved initial success.

II. Profit

1. Gross profit

For the six months ended 30 June 2015, gross profit of the Group was RMB1,060 million, up by RMB322 million or 43.63% compared to the corresponding period in 2014, which was mainly due to the increase in fertilizer price.

The gross profit margin of the Group was 6.35%, up by 1.7 percentage points compared to the corresponding period in 2014, which was mainly due to that the gross profit of various products was further increased due to the recovery of market prices.

2. Share of results of joint ventures and associates

Share of results of joint ventures: For the six months ended 30 June 2015, share of results of joint ventures of the Group were RMB14 million, increased by RMB46 million from a loss of RMB32 million in the corresponding period in 2014. This was mainly due to that Yunnan Three-Circles Sinochem Fertilizers Co., Ltd. ("Three Circles-Sinochem"), one of the Group's joint ventures, realized profit in the first half of 2015 from last period's losses due to the increasing fertilizer market price.

Share of results of associates: For the six months ended 30 June 2015, share of results of associates of the Group amounted to RMB29 million, up by RMB9 million or 45% over that of RMB20 million in the corresponding period in 2014. This was mainly due to that Yangmei Pingyuan Chemicals Co., Ltd. ("Yangmei Pingyuan"), one of the Group's associates, seized the favourable market opportunities and became profitable in the first half of 2015 against the market environment of constant price fluctuations of nitrogen fertilizer.

3. *Income tax*

For the six months ended 30 June 2015, income tax for the Group was RMB96 million, up by RMB52 million over the corresponding period in 2014. This was mainly due to the increase of taxable profits of various subsidiaries as a result of the recovery of the fertilizer market in the first half of 2015.

The subsidiaries of the Group were mainly registered in mainland China, Macao and Hong Kong respectively, where profits tax rates vary. Among them, the tax rate of Mainland China is 25%, the Group's profit derived from Macao is exempted from profits tax, while Hong Kong profits tax rate is 16.5%. The Group strictly complies with the taxation laws of the respective jurisdictions and pays taxes accordingly.

4. *Profit attributable to owners of the Company and net profit margin*

For the six months ended 30 June 2015, profit attributable to owners of the Company was RMB342 million, up by RMB204 million compared to the corresponding period in 2014.

For the six months ended 30 June 2015, net profit margin of the Group, calculated by dividing profit attributable to owners of the Company by revenue, was 2.05%.

III. Expenditures

For the six months ended 30 June 2015, total expenses were RMB732 million, up by RMB11 million or 1.53% over that of RMB721 million in the corresponding period in 2014. The expenditure details are as below:

Selling and distribution expenses: For the six months ended 30 June 2015, selling and distribution expenses were RMB353 million, down by RMB43 million or 10.86% over that of RMB396 million in the corresponding period in 2014. Such a decrease was mainly attributable to the reduction in logistics costs such as costs for warehousing and storage compared with the corresponding period in 2014, as the Group persistently advocated the principle of cost reduction and efficiency improvement and continued to accelerate the inventory turnover.

Administrative expenses: For the six months ended 30 June 2015, administrative expenses were RMB276 million, up by RMB48 million or 21.05% over that of RMB228 million in the corresponding period in 2014, This was mainly attributable to the fact that salaries and other administrative expenses increased compared to the same period in 2014 as the business scale of the Group expanded and the business performance improved.

Finance costs: For the six months ended 30 June 2015, finance costs were RMB103 million, up by RMB6 million or 6.19% over that of RMB97 million in the corresponding period in 2014, which was mainly due to that the increase of overall financing cost and financing scale.

IV. Other Income and Gains

For the six months ended 30 June 2015, the Group's other income and gains amounted to RMB126 million, down by RMB8 million or 5.97% over that of RMB134 million in the corresponding period in 2014, which was mainly due to that the Group's interest income from associates decreased by RMB5 million compared to the corresponding period in 2014.

V. Other Expenses and Losses

For the six months ended 30 June 2015, the Group's other expenses and losses amounted to RMB63 million, up by RMB42 million or 200% over that of RMB21 million in the corresponding period in 2014, which was mainly due to that the Group's asset impairment provision increased.

VI. Inventory Turnover

The inventory balance of the Group as at 30 June 2015 was RMB4,415 million, down by RMB1,533 million or 25.77% over that of RMB5,948 million as at 31 December 2014. Inventory turnover days[*note*] decreased from 69 days in 2014 to 60 days for the first half of 2015 as the Group accelerated the inventory turnover and lowered the inventory risk.

Note: Inventory turnover days for the six months ended 30 June 2015 was calculated on the basis of average inventory balance as at the beginning and the end of the reporting period divided by cost of goods sold for the reporting period, and multiplied by 180 days.

Inventory turnover days for 2014 was calculated on the basis of average inventory balance as at the beginning and the end of the year ended 31 December 2014 divided by cost of goods sold in 2014, and multiplied by 360 days.

VII. Trade and Bills Receivables Turnover

The balance of the Group's trade and bills receivables as at 30 June 2015 was RMB722 million, down by RMB554 million or 43.42% over that of RMB1,276 million as at 31 December 2014, which was mainly due to that the Group strictly controlled the credit scale to prevent credit risks, thus leading to the decrease in the balance of trade and bills receivables as at 30 June 2015 over that as at 31 December 2014. Trade and bills receivables turnover days[*note*] of the Group decreased by 5 days from 15 days in 2014 to 10 days for the first half of 2015.

Note: Turnover days for the first half of 2015 was calculated on the basis of the average trade and bills receivables balance as at the beginning and the end of the reporting period divided by revenue for the reporting period, and multiplied by 180 days (The above trade and bills receivables balance excluded the bills discounted to the banks).

Turnover days for 2014 was calculated on the basis of average trade and bills receivables balance as at the beginning and the end of the year ended 31 December 2014 divided by revenue in 2014, and multiplied by 360 days (The above trade and bills receivables balance excluded the bills discounted to the banks).

VIII. Interests in Joint Ventures

The balance of the Group's interests in joint ventures as at 30 June 2015 was RMB554 million, up by RMB14 million or 2.59% over that of RMB540 million as at 31 December 2014, which was mainly due to the recovery of the fertilizer market and the profit realized by joint ventures. Among them, the share of profit attributable to Three Circles-Sinochem, Yunnan Three Circles-Sinochem-Mosaic Fertilizers Co., Ltd. and Gansu Wengfu Chemical Co., Ltd. was RMB3 million, RMB6 million and RMB4 million respectively.

IX. Interests in Associates

The balance of the Group's interests in associates as at 30 June 2015 was RMB8,375 million, up by RMB16 million or 0.19% over that of RMB8,359 million as at 31 December 2014. Among them, the share of profit attributable to Qinghai Salt Lake and Yangmei Pingyuan was RMB17 million and RMB14 million respectively, and the disposal of the Group's entire equity interest in Tianjin Beihai Industrial Co., Ltd. led to interest reduction in associates by RMB13 million.

X. Available-for-sale Investments

The balance of the Group's available-for-sale investments as at 30 June 2015 was RMB582 million, up by RMB108 million or 22.78% over that of RMB474 million as at 31 December 2014. As at 30 June 2015, the share price of China XLX Fertiliser Limited held by the Group increased, which led to an increase of RMB108 million in available-for-sale investment.

XI. Interest-bearing borrowings

As at 30 June 2015, the balance of the Group's interest-bearing borrowings was RMB3,716 million, up by RMB843 million or 29.34% over that of RMB2,873 million as at 31 December 2014, which was mainly due to that the Group increased its borrowings to replenish the working capital.

XII. Trade and Bills Payables

As at 30 June 2015, the balance of the Group's trade and bills payables was RMB4,317 million, down by RMB312 million or 6.74% over that of RMB4,629 million as at 31 December 2014, which was mainly due to that the Group deepened the synergy of internal integration, increased the proportion of internal purchase, thus leading to the decrease in the balance of trade and bills payables.

XIII. Other Financial Indicators

Basic earnings per share for the six months ended 30 June 2015 was RMB0.0487, up by RMB0.0291 over that of RMB0.0196 in the corresponding period in 2014. Return on equity (ROE) for the six months ended 30 June 2015 was 2.50%, up by 1.46 percentage points over that of 1.04% in the corresponding period in 2014.

Table 3:

	For the six months ended 30 June	
	2015	2014
Profitability		
Earnings per share (RMB) *(Note a)*	**0.0487**	0.0196
ROE *(Note b)*	**2.50%**	1.04%

Notes:

a. Calculated on the basis of profit attributable to the owners of the Company for the reporting period divided by weighted average number of shares for the reporting period.

b. Calculated on the basis of profit attributable to the owners of the Company for the reporting period divided by total equity (excluding non-controlling interests) as at the end of the reporting period.

As at 30 June 2015, the Group's current ratio was 1.03, and the debt-to-equity ratio was 27.02%, representing a stable financial structure.

Table 4:

	As at 30 June 2015	As at 31 December 2014
Solvency		
Current ratio *(Note a)*	**1.03**	1.12
Debt-to-Equity ratio *(Note b)*	**27.02%**	20.39%

Notes:

a. Calculated on the basis of current assets divided by current liabilities as at the reporting date.

b. Calculated on the basis of interest-bearing debt divided by total equity as at the end of the reporting period (interest-bearing debt does not include discounted and not yet matured bills receivables).

XIV. Liquidity and Financial Resources

The Group's principal sources of financing included cash from operation, bank borrowings and proceeds from the issue of new shares and bonds. All the financial resources were primarily used for the Group's daily production and operation, repayment of liabilities as they fall due and related capital expenditures.

As at 30 June 2015, cash and cash equivalents of the Group amounted to RMB597 million, which were denominated mainly in Renminbi and US dollars.

Below is the analysis of the Group's long and short-term borrowings:

Table 5:

	As at 30 June 2015 *RMB'000*	As at 31 December 2014 *RMB'000*
Bank loans, secured	**–**	144,411
Bank loans, unsecured	**326,748**	40,000
Borrowings from Sinochem Finance Co., Ltd. ("Sinochem Finance")	**100,000**	–
Borrowings from Sinochem Hong Kong (Group) Co., Ltd. ("Sinochem HK")	**600,000**	–
Borrowings from Sinochem Group	**200,000**	200,000
Bonds		
Principal amount	**2,500,000**	2,500,000
Less: unamortized transaction cost	**(10,340)**	(11,515)
Total	**3,716,408**	2,872,896

Table 6:

	As at 30 June 2015 *RMB'000*	As at 31 December 2014 *RMB'000*
Within 1 year	**1,026,748**	184,411
Over 1 year, but within 5 years	**2,689,660**	2,688,485
Total	**3,716,408**	2,872,896

Table 7:

	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000
Fixed interest rate	**3,613,090**	2,872,896
Floating interest rate	**103,318**	–
Total	**3,716,408**	2,872,896

The Group intended to meet its obligations for the above borrowings by using internal and external resources.

As at 30 June 2015, the Group had banking facilities of RMB23,515 million, including USD1,715 million and RMB13,030 million. The utilized banking facilities consisted of USD292 million and RMB1,491 million, while the unutilized banking facilities consisted of USD1,423 million and RMB11,539 million.

XV. Operational and Financial Risks

The Group's major operational risks: the world economy was struggling to recover and was still faced with great uncertainty; the domestic fertilizer market is oversupplied in general and although the fertilizer prices saw some recovery, they were still low by historical standards; the pressure from structural adjustment and competition in the industry increased as the preferential rail freight for fertilizer had been gradually cancelled and the environmental requirements further enhanced.

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

Market risk

Market risk includes currency risk, interest rate risk and other price risk. Currency risk means unfavourable changes in exchange rates that may have an impact on the Group's financial results and cash flows; interest rate risk means the unfavourable changes in interest rates that may lead to changes in the fair value of fixed rate borrowings and other deposits; and other price risk means the Group's risk relating to the value of equity investments, which is mainly generated from equity securities investments and financial derivatives.

Most of the Group's assets, liabilities and transactions are denominated in Renminbi, US dollars and Hong Kong dollars. As the Group have certain scale of import and export businesses, the fluctuation of the foreign exchange market will affect the import cost and the export price, but the Group has always taken a prudent hedging strategy, and has been closely monitoring and strictly controlling the above-mentioned risks to ease the potential unfavourable impact they might have on the Group's financial performance.

Credit risk

The biggest credit risk of the Group was subject to that the counterparties might fail to carry out their obligations with regard to the book value of all types of financial assets confirmed and recorded in the condensed consolidated statement of financial position as at 30 June 2015. The Group has adequate monitoring procedures and corresponding measures in respect of granting credit, credit approval and other related aspects so as to ensure the timely follow-up of credit to be matured to mitigate the credit risk.

Liquidity risk

In order to manage liquidity risk, the management monitored and maintained sufficient cash and cash equivalents of the Group, raised funds to meet the operational requirements when appropriate and maintained a stable cash flow of the Group. The management kept monitoring the utilization of bank borrowings and complied with the terms and conditions of banking loans.

XVI. Contingent Liabilities

As at 30 June 2015, the Group had no material contingent liabilities.

XVII. Capital Commitment

Table 8:

	As at 30 June 2015 *RMB'000*	As at 31 December 2014 *RMB'000*
Contracted but not provided for		
– Property, plant and equipment	**232,908**	266,793
– Investments in an associate *(Note)*	**2,736,390**	–
Authorized but not contracted for		
– Property, plant and equipment	**172,930**	609,617
– Investments in an associate and others	**300,000**	4,190,101
Total	**3,442, 228**	5,066,511

Note: This represents the down payment of the acquisition consideration of 15.01% equity interests in Qinghai Salt Lake. The Group has settled the amount in July 2015.

The Group plans to finance the above capital expenditure by internal and external resources. Besides the capital commitment stated above, the Group had no other material plans for major investments or asset acquisition.

XVIII. Major Investments

The acquisition of 15.01% equity interest in Qinghai Salt Lake, held by Sinochem Corporation, the indirect controlling shareholder of the Group, has been approved by the SASAC on 30 June 2015. The details of the acquisition were disclosed in the circular of the Company dated 27 January 2015.

XIX. Remuneration Policy

The key components of the Group's remuneration package include basic salary, and if applicable, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options granted under the share option schemes of the Company. The objective of the Group is to associate the interests of key employees with the performance of the Group and the interests of shareholders, as well as achieving a balance of short-term and long-term benefits through a reasonable system. Meanwhile, the Group also aims at maintaining the competitiveness of the overall remuneration. The level of cash remuneration to employees offered by the Group varies with importance of duties. The higher the importance of duties, the higher the ratio of incentive bonus to total remuneration. This can help the Group to recruit, retain and motivate high-caliber employees required for the development of the Group and to avoid offering excessive incentives.

The emoluments payable to directors are determined with reference to the responsibilities, qualifications, experience and performance of the directors. They include incentive bonus primarily based on the results of the Group and if applicable, share options granted under the share option schemes of the Company. The Remuneration Committee performs regular review on the emoluments of the directors. No director, or any of his associates and executives, is involved in deciding his/her own emolument.

The Group reviews its remuneration policy annually and, if necessary, engages professional consultants, to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 30 June 2015, the Group had about 6,945 full-time employees (including those employed by subsidiaries), and their remuneration is determined with reference to market rates. No individual employee shall have the right to determine his/her own remuneration.

In addition to the basic remuneration, the Group also value the importance of training and development of employees. For the six months ended 30 June 2015, the Group provided 3,435 hours of training in aggregate for about 1,002 person-times (trainings held by subsidiaries excluded). The training courses covered areas such as marketing management, operation and management, laws and regulations, lean management, project management, finance, logistics, human resources management, information technology, safety production and general working skills. These training further improved the management skills and professional standard of the management of the Group and enhanced the overall quality of the employees to meet the requirements of the Group's rapid developments, and further improved the competitiveness of the Group.

The board of directors (the "Board") of Sinofert Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 – unaudited

		Six months ended 30 June	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**16,701,192**	15,880,706
Cost of sales		**(15,640,994)**	(15,142,670)
Gross profit		**1,060,198**	738,036
Other income and gains		**126,236**	134,345
Selling and distribution expenses		**(352,533)**	(396,172)
Administrative expenses		**(275,927)**	(228,386)
Other expenses and losses		**(63,012)**	(21,493)
Share of results of associates		**28,875**	19,902
Share of results of joint ventures		**13,635**	(32,148)
Finance costs	*4(a)*	**(102,798)**	(97,477)
Profit before taxation	*4*	**434,674**	116,607
Income tax	*5*	**(95,735)**	(43,868)
Profit for the period		**338,939**	72,739
Profit for the period attributable to			
– Owners of the Company		**342,040**	137,555
– Non-controlling interests		**(3,101)**	(64,816)
		338,939	72,739

	Note	Six months ended 30 June **2015** *RMB'000*	2014 *RMB'000*
Profit for the Period		**338,939**	72,739
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(17,817)**	31,631
Changes in fair value of available-for-sale investments		**108,048**	6,733
Other comprehensive income for the period		**90,231**	38,364
Total comprehensive income for the period		**429,170**	111,103
Total comprehensive income/(expenses) attributable to:			
– Owners of the Company		**432,271**	175,919
– Non-controlling interests		**(3,101)**	(64,816)
		429,170	111,103
Earnings per share	*6*		
Basic (RMB)		**0.0487**	0.0196
Diluted (RMB)		**0.0487**	0.0196

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 – unaudited

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment		**3,781,769**	3,783,755
Prepaid lease payments		**520,960**	514,076
Mining rights		**659,891**	675,984
Goodwill		**812,215**	812,319
Other long-term assets		**6,248**	8,783
Interests in associates		**8,374,951**	8,359,435
Interests in joint ventures		**553,600**	539,965
Available-for-sale investments		**581,797**	474,005
Advance payments for acquisition of long-term assets	8	**1,200,260**	43,490
Deferred tax assets		**102,024**	198,559
		16,593,715	15,410,371
Current assets			
Inventories		**4,414,633**	5,948,265
Trade and bills receivables	9	**721,879**	1,276,330
Other receivables and advance payments		**1,363,060**	1,248,769
Loans to an associate		**700,000**	700,000
Prepaid lease payments		**13,661**	13,159
Other deposits		**1,200**	151,200
Pledged bank deposit		**1,860**	–
Bank balances and cash		**597,404**	462,890
		7,813,697	9,800,613
Current liabilities			
Trade and bills payables	10	**4,317,026**	4,628,833
Other payables and receipt in advance		**2,214,028**	3,882,756
Interest-bearing borrowings – due within one year		**1,026,748**	184,411
Financial liability		**–**	25,633
Tax liabilities		**14,095**	13,533
		7,571,897	8,735,166
Net current assets		**241,800**	1,065,447
Total assets less current liabilities		**16,835,515**	16,475,818

	At **30 June** **2015** ***RMB'000***	At 31 December 2014 *RMB'000*
Non-current liabilities		
Interest-bearing borrowings – due after one year	**2,689,660**	2,688,485
Deferred income	**109,238**	115,788
Deferred tax liabilities	**240,388**	246,755
Other long-term liabilities	**42,502**	42,502
	3,081,788	3,093,530
NET ASSETS	**13,753,727**	13,382,288
CAPITAL AND RESERVES		
Issued equity	**8,267,384**	8,267,384
Reserves	**5,422,532**	5,047,992
Total equity attributable to owners of the Company	**13,689,916**	13,315,376
Non-controlling interests	**63,811**	66,912
TOTAL EQUITY	**13,753,727**	13,382,288

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

1. Basis of Preparation

The condensed consolidated financial statements of the Group have 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").

The condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these changes in accounting policies are set out in note 2.

2. Changes in Accounting Policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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 are as follows:

- Marketing: sourcing and distribution of fertilizers and agricultural related products

- Production: production and sales of fertilizers

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended 30 June 2015	**Marketing** *RMB'000*	**Production** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Revenue				
External revenue	**15,602,458**	**1,098,734**	**–**	**16,701,192**
Internal revenue	**726,387**	**2,165,994**	**(2,892,381)**	**–**
Segment revenue	**16,328,845**	**3,264,728**	**(2,892,381)**	**16,701,192**
Segment gross profit	**724,448**	**335,750**	**–**	**1,060,198**
Segment profit	**459,583**	**16,464**	**–**	**476,047**
Share of results of associates	**421**	**28,454**	**–**	**28,875**
Share of results of joint ventures	**(11)**	**13,646**	**–**	**13,635**
Unallocated expenses				**(38,665)**
Unallocated income				**57,580**
Finance costs				**(102,798)**
Profit before taxation				**434,674**
As at 30 June 2015				
Segment assets	**6,641,627**	**7,339,998**	**–**	**13,981,625**
Segment liabilities	**5,523,879**	**1,057,359**	**–**	**6,581,238**

For the six months ended 30 June 2014	Marketing *RMB'000*	Production *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
External revenue	14,510,838	1,369,868	–	15,880,706
Internal revenue	488,104	1,316,310	(1,804,414)	–
Segment revenue	14,998,942	2,686,178	(1,804,414)	15,880,706
Segment gross profit	587,095	150,941	–	738,036
Segment profit/(loss)	288,344	(111,505)	–	176,839
Share of results of associates	555	19,347	–	19,902
Share of results of joint ventures	(79)	(32,069)	–	(32,148)
Unallocated expenses				(26,861)
Unallocated income				76,352
Finance costs				(97,477)
Profit before taxation				116,607
As at 31 December 2014				
Segment assets	8,017,274	6,651,232	–	14,668,506
Segment liabilities	7,487,868	1,165,136	–	8,653,004

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) earned by each segment without deducting unallocated expenses/income, share of results of associates and joint ventures and finance costs. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment.

4. Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Interests on borrowings		
– wholly repayable within five years	**113,575**	33,802
– not wholly repayable within five years	**–**	63,675
Less: interest expense capitalized *(note)*	**(10,777)**	–
	102,798	97,477

Note: The capitalization rates used to determine the amount of borrowing costs eligible for capitalization related to construction of plant are 5.54% for the current period (the corresponding period in 2014: Nil).

(b) Other items

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Depreciation and impairment losses of property, plant and equipment	**183,652**	148,149
Release of prepaid lease payments	**6,236**	6,010
Amortization of mining right	**16,093**	16,330
Amortization of other long-term assets	**2,945**	4,354
Deferred income released	**(6,550)**	(5,147)
Write-down of inventories	**7,014**	10,539
Write-down of trade receivables	**9,120**	–
Write-down of other receivables and advance payments	**11,875**	–
Reversal of collectible receivables	**(9,488)**	(10,800)
Loss on disposal of property, plant and equipment	**230**	177

5. Income tax

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Current tax – Hong Kong Profits Tax	**–**	–
Current tax – PRC Enterprise Income Tax	**5,567**	4,472
Deferred taxation	**90,168**	39,396
	95,735	43,868

(i) The provision for Hong Kong Profits Tax is calculated by applying at 16.5% (2014: 16.5%) of the estimated assessable profits for the six months ended 30 June 2015.

(ii) The provision for the PRC Enterprise Income Tax is based on the statutory rate of 25% (2014: 25%) on the estimated taxable profits determined in accordance with the relevant income tax rules and regulations of the PRC for the six months ended 30 June 2015, except for certain subsidiaries of the Company which enjoy a preferential tax rate according to related tax policies.

(iii) A subsidiary of the Group incorporated in Macao Special Administrative Region is exempted from income tax.

6. **Earnings per share**

The calculation of basic and diluted earnings per share is as follows:

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic/diluted earnings per share	**342,040**	137,555
Number of shares	***'000 shares***	*'000 shares*
Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	**7,024,456**	7,024,456

7. **Dividends**

The Board of Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (the corresponding period in 2014: nil).

During the six months ended 30 June 2015, the final dividend for the year ended 31 December 2014 of approximately RMB57,731,000 at HK$0.0104 (approximately RMB0.0082) per share has been paid (the corresponding period in 2014: nil).

8. **Advance payment for acquisition of long-term assets**

	At 30 June 2015	At 31 December 2014
	RMB'000	*RMB'000*
Advance payments for acquisition of		
– Property, plant and equipment	**33,230**	43,490
– Investments in an associate *(note)*	**1,167,030**	–
	1,200,260	43,490

Note: On 27 April 2015, Sinochem Fertilizer Co., Ltd. ("Sinochem Fertilizer", a subsidiary of the Group) entered into a share transfer agreement with Sinochem Corporation, pursuant to which Sinochem Fertilizer shall acquire, and Sinochem Corporation shall sell, 238,791,954 issued shares of Qinghai Salt Lake Industry Co., Ltd. ("Qinghai Salt Lake"), representing 15.01% of its total issued share capital, at a total consideration of RMB3,890,101,000. As at 30 June 2015, Sinochem Fertilizer owns 142,260,369 shares of Qinghai Salt Lake, representing 8.94% of its total issued share capital. After this acquisition, Sinochem Fertilizer will hold 381,052,323 shares of Qinghai Salt Lake, representing 23.95% of the total issued share capital and will become the second largest shareholder of Qinghai Salt Lake. Pursuant to the share transfer agreement, RMB1,167,030,000 had been prepaid to Sinochem Corporation.

9. **Trade and bills receivables**

	At 30 June 2015	At 31 December 2014
	RMB'000	*RMB'000*
Trade receivables	**274,428**	196,554
Bills receivables	**447,451**	1,079,776
	721,879	1,276,330

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 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 3 months	**320,093**	284,760
Over 3 months but within 6 months	**367,029**	951,402
Over 6 months but within 12 months	**23,672**	31,069
Over 12 months	**11,085**	9,099
	721,879	1,276,330

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. In the opinion of the management of the Group, receivables that are neither past due nor impaired have good credit quality.

Included in the Group's trade receivables are debtors with aggregate carrying amount of RMB52,935,000 (as at 31 December 2014: RMB85,114,000) which are past due at the end of the reporting period for which the Group has not provided for allowance for doubtful debts as there has not been a significant change in the credit quality and the amounts are still considered recoverable.

10. Trade and bills payables

	At 30 June 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Trade payables	**3,426,649**	3,817,175
Bills payables	**890,377**	811,658
	4,317,026	4,628,833

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 2015 *RMB'000*	At 31 December 2014 *RMB'000*
Within 3 months	**2,963,388**	4,345,265
Over 3 months but within 6 months	**1,136,938**	94,442
Over 6 months but within 12 months	**166,119**	133,071
Over 12 months	**50,581**	56,055
	4,317,026	4,628,833

INTERIM DIVIDEND

The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed, with the management and the external auditors, the condensed consolidated financial statements of the Company for the six months ended 30 June 2015, including the review of the accounting principles and practices adopted by the Group. The Audit Committee has also discussed with the management about auditing, internal controls, and financial reporting matters of the Group.

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 during the six months ended 30 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transaction by directors. Having made specific enquiry of all directors of the Company, all directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2015.

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

CORPORATE GOVERNANCE STANDARDS

Recognizing the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintaining a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance. The Company has complied with the applicable code provisions in the Corporate Governance Code and Corporate Governance Report (referred to "Corporate Governance Code" hereunder) set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2015 and up to the date of this announcement, except for the deviations from the code provision A1.7 and E.1.2 as described below.

The code provision A.1.7 stipulates that, if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. During the period and up to the date of this announcement, the Board approved several connected transactions and continuing connected transactions by circulation of written resolutions in lieu of physical board meeting, for which certain directors who are nominated by the ultimate controlling or substantial shareholders of the

Company, were regarded as having material interests therein. As the directors of the Company are living and working in different countries which are far apart, adoption of written resolutions in lieu of physical board meetings allows the Board to make a decision relatively quicker in response to the rapid change in the fertilizer markets. Before formal execution of the written resolutions, the directors had discussed the matters via emails and made amendments to the transactions as appropriate.

The code provision E.1.2 provides that, among others, the chairman of the board should attend the annual general meeting of the listed issuer. In the annual general meeting of the Company held on 11 June 2015 (the "2015 AGM"), Mr. Liu De Shu, Chairman of the Board, did not chair the meeting due to other essential business engagements. In order to ensure smooth holding of the 2015 AGM, the Chairman of the Board authorized and the directors attended the meeting elected Mr. Wang Hong Jun, the executive director and Chief Executive Officer of the Company, to chair the meeting on behalf of the Chairman of the Board. Respective chairmen of the audit, remuneration and nomination committees of the Company were present at the 2015 AGM and were available to answer relevant questions, which was in compliance with other part of code provision E.1.2.

Save as disclosed above, please refer to the "Corporate Governance Report" contained in the Company's 2014 annual report for more information about the corporate governance of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Wang Hong Jun (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company are Mr. Liu De Shu (Chairman), Mr. Yang Lin, Dr. Stephen Francis Dowdle and Ms. Xiang Dan Dan; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Wang Hong Jun
Executive Director and Chief Executive Officer

Hong Kong, 27 August 2015

* *For identification purposes only*