SINOFERT HOLDINGS LIMITED
中化化肥控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- The Group's turnover was RMB26,121 million, decreased by 7.74% year on year
- Profit for the year attributable to owners of the Company was RMB221 million (2014: RMB229 million)
- Basic earnings per share for the year was RMB0.0314 (2014: RMB0.0326)
- The Board recommended the payment of a final dividend of HK$0.0097 per share (equivalent to approximately RMB0.0081 per share) (2014: HK$0.0104, equivalent to approximately RMB0.0082) to the shareholders for the year ended 31 December 2015

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I hereby report the annual performance of Sinofert Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015 to all the shareholders.

In 2015, the world economy remained sluggish, the Chinese economy was obviously sliding downwards, the oversupply situation and fierce competition in the domestic fertilizer industry remained the same and the value-added tax on fertilizer was reintroduced starting from September, thus the profit margin in the fertilizer industry being largely squeezed; the exchange rate of RMB to US dollars experienced large fluctuations and the RMB was suffered from substantial depreciation. Against this background, the Group unswervingly promoted strategic agendas put forward at the beginning of the year, actively took measures, made great efforts to mitigate the impact of unfavourable factors and achieved a relatively good result. Profit attributable to the owners of the Company amounted to RMB221million, with basic earnings per share of RMB0.0314. The cost to income ratio, cash flow from operating activities, current asset turnover, capital structure and other operational indicators were all in good condition and the Company was 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 further stepped up.

Against such severe market situation, the Board of Directors (the "Board") consistently aimed to maximize the shareholders' value, continuously improved corporate governance and optimized the Company's management system. In compliance with the Corporate Governance Code as required by the Stock Exchange of Hong Kong Limited, the Company held four regular board meetings in 2015 to review and approve resolutions regarding the annual report, interim report, strategic planning and major investment projects, etc.. The Board also reviewed material investment projects, connected transactions and other matters. The Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee under the Board exercised their rights and fulfilled their obligations delegated by the Board in terms of the improvement on the Company's internal control, optimization of remuneration policy and improvement of governance structure.

2016 is the first year of the 13th Five-Year Plan Period (2016-2020) and the most crucial year to further promote structural reform. The reform of the supply front is a major deployment made on the basis of the actual conditions after the development of China's economy entered the new normal. Excess production capacity will be reduced and zombie enterprises will be disposed. At the same time, the Chinese government attaches high importance to agricultural development. The No. 1 Document issued by the Central Committee of the Communist Party of China and the State Council on 27 January 2016 highlighted that the development of modern agriculture should be quickened with a new concept and the focus should be the reform of the supply front of agriculture, which will bring new opportunities to the Group in respect of transformation and upgrading as well as innovative development.

The Group will stick to the principle of "active, safe, sustained and sound" development, centre on transformation and upgrading, take lean management and reform and innovation as the foundation, take root among modern agriculture, optimize the business structure and achieve steady and sustainable development in the Company's performance. The Group will bring forth new ideas in the marketing service system, enhance marketing coordination and professional management in headquarters, enhance the service management for procurement, products, channels, customers, brands and agriculture, accelerate the marketing service transformation in distribution networks and promote the transformation and upgrading of distribution networks; improve the basic management level of production enterprises, fully deepen and implement the economic responsibility system, enhance the basic-level construction and basic management as well as the basic quality and basic skills of the personnel; pool both internal and external resources, set up an open scientific and technological innovation system, upgrade the two capabilities of research and development and technological progress, intensify achievement transformation and further improve the Company's profitability; strengthen risk control and ensure operational safety; speed up the adjustment of industrial layout, tap the potential and improve the efficiency of the existing resources and increase new merger and acquisition projects; and quicken and promote the reform on personnel mechanism, remuneration system and operation mechanism.

Last but not the least, on behalf of the Board, I would like to take this opportunity to extend our appreciations to the shareholders and customers of the Group. We hope to have your continuous concern and support in the future, and expect the management and employees of the Company to bear in mind the concept of "creating value and pursuing excellence", double our efforts, overcome the difficulties and continue to make contributions to the development of the Group.

Ning Gao Ning
Chairman of the Board

Hong Kong, 31 March 2016

MANAGEMENT REVIEW AND PROSPECT

Business Environment

In 2015, the world economy remained sluggish and the growth of emerging economies as represented by China continued to slow down. In the near future, maintaining growth, changing patterns, adjusting structure and promoting innovation are the main tasks of China's economy.

In the year 2015, in the context of agricultural globalization, China's structural problems related to agriculture became increasingly prominent, grain prices were higher in China than the world market, the import of the three staple food grains surged and a new phenomenon of growth in production, inventory and import emerged. The Chinese government further liberalized the grain purchasing price and prices of agricultural products will be fully market-oriented. The Chinese government will increase the comprehensive subsidies to agricultural inputs so as to improve the income of farmers. The focus of the food security strategy will transfer from the yield to protecting and improving grain productivity and from encouraging production to restraining supply. Changes in the agricultural industry will have a major impact on the fertilizer industry which is facing the huge pressure of demand reduction and industrial upgrading.

During the year of 2015, the global fertilizer production capacity continued to be released, the demand grew slowly, and the production capacity was still excessive. Faced with a severe situation, domestic enterprises accelerated their transformation and upgrading, resource-based enterprises and manufacturing enterprises began to build channels by themselves, enterprises focusing on marketing and providing services extended to both upstream resources and downstream services, and research and development of science and technology became the core competitiveness of enterprises. Suffering from double pressures from both upstream and downstream, the Company was faced with greater difficulties in market expansion.

With a continuous global economic depression, in order to effectively meet the severe market challenges and ensure the Company's leading position in the fertilizer industry, under the leadership of the Board, the Group continued to deepen strategic transformation and was committed to becoming an agricultural service enterprise providing high-quality fertilizer products and crop nutrition solutions with the general philosophy of "taking root in the transformation and upgrading of modern agriculture".

Financial Highlights

For the year ended December 31 2015, the Group's revenue amounted to RMB26,121 million, decreased by 7.74% year on year. Profit attributable to owners of the Company amounted to RMB221 million, decreased by 3.49% year on year.

Resource Guarantee

In 2015, Sinochem Yunlong Co., Ltd. ("Sinochem Yunlong"), a subsidiary of the Group brought into full play the advantages of high-quality phosphate rock resources and optimized the phosphate mine development plan. Sinochem Yunlong explored 442,000 tons of phosphate rock in 2015. For mine construction, Sinochem Yunlong set up the Mozushao capacity expansion project, ensuring the sustainable utilization of resources and the prospecting work of Dawan mine was basically completed. The value contribution of phosphate rock resources was continuously increased, laying a good foundation for the sustainable development of the Group's phosphate fertilizer and phosphoric chemical industries.

The global economic growth slowed down and international commodity prices continued to decline, which provided a good opportunity for the Company's resource guarantee. In 2015, the Group acquired 15.01% equity interest in Qinghai Salt Lake Industry Co., Ltd. ("Qinghai Salt Lake") from Sinochem Corporation, a controlling shareholder of the Group. At the end of 2015, Qinghai Salt Lake issued new shares to certain minority shareholders and the Group's interest in Qinghai Salt Lake was diluted to approximately 20.52%. In addition, the Group also paid close attention to investment and acquisition opportunities in fertilizer-related resources and new type fertilizers.

Manufacturing

In 2015, the total annual fertilizer production capacity of the Group's subsidiaries, associates and joint ventures exceeded 15 million tons. By continuing to promote basic work, carrying out cost management, lean management, promoting technical reform and scientific innovation, implementing cost reduction and efficiency increase, further tapping the potential of the existing devices, the production and sales of subsidiaries increased, and business efficiency and production operation level was further enhanced.

Sinochem Chongqing Fuling Chemical Fertilizer Co., Ltd. ("Sinochem Fuling"), a subsidiary of the Group, produced 1.33 million tons of phosphate, compound fertilizers and other products in 2015. Sinochem Fuling optimized raw material allocation, paid close attention to process control, promoted technological progress, integrated the functions of various departments, improved operation efficiency, seized the key markets, continued with the transformation of scientific and technological achievements, carried out in-depth energy efficiency evaluation of enterprises, adjusted product structure, strengthened management of the phosphogypsum stack, extended the life cycle of the stack, actively explored the path of sustainable development, and did researches on industrial upgrading and transformation.

Sinochem Jilin Changshan Chemical Co., Ltd. ("Sinochem Changshan"), a subsidiary of the Group, produced 295,000 tons of urea in 2015. Sinochem Changshan fully utilized its regional advantage, further promoted the compound fertilizer integration, promoted the upgrading of equipment, adjusted product structure, continued to reduce cost and increase efficiency, carried out the construction of information technology and became one of the first 200 enterprises that passed the certification of implementing the standards regarding the integration of information technology and industrialization promoted by the Ministry of Industry and Information Technology. Sinochem Changshan actively coordinated internal and external resources, rapidly promoted reconstruction and extension of existing devices. The urea reconstruction and extension project was coming to an end and the capacity will continue to be released in 2016.

Sinochem Yunlong, a subsidiary of the Group, produced 290,000 tons of Monocalcium (MCP)/ Monodicalcium Phosphate (MDCP) in 2015. Sinochem Yunlong adhered to management improvement, optimized the department structure, arranged professional personnel, eliminated backward equipment, analyzed benchmarking advanced enterprises, upgraded and transformed devices, strengthened the data analysis, promoted sea-railway combined transportation, optimized logistics channels, continued to reduce cost and increase efficiency, paid high attention to production safety, steadily improved safety management, carried out information technology construction and strengthened quality control so that the product quality reached the international leading level.

Marketing Services

Taking into consideration the characteristics of China's agriculture and through system reform and mode innovation, the Group continuously consolidated the operation foundation. The product sales for the year 2015 reached 13.04 million tons, which further consolidated the Group's status as the largest fertilizer distributor and service provider in China.

Potash Operations: Sales volume of potash fertilizer amounted to 2.74 million tons in 2015. The Group consolidated its procurement capability from advantageous sources, and signed a number of strategic cooperation agreements; deeply promoted the channel marketing of potash for agriculture, strengthened brand promotion, tapped the potential demand of end users; established a core customer system for industrial potash, strengthened the core customer stickiness, enhanced the market competitiveness of industrial potash; enhanced its strategic cooperation with Qinghai Salt Lake, consolidated the sales of Qinghai Salt Lake products in regions where the Group was the agency, and enhanced the influence of the domestic potash in the above regions; strengthened innovation transformation, continued to build new core competitive advantage and consolidated the Company's leading position in the potash market.

Nitrogen Operations: Sales volume of nitrogen fertilizer amounted to 4.51 million tons in 2015. The overall scale of nitrogen operation was maintained and the Group was among the top in terms of market share in China. The Group continued to strengthen the supplier system construction and consolidated cooperation with core suppliers, improved supply reources guarantee capacity, strengthened the foundation of cooperation, controlled open-supply resource, accelerated direct sales, controlled risk and achieved stable profit when the market continued to be sluggish; improved the contribution of sales volume and profit of industrial trading business, and achieved a record high profit in ammonium chloride; and sped up new products development and cultivation and further improved the contribution of sales volume and profit of seaweed polysaccharides.

Phosphate Operations: Sales volume of phosphate fertilizer amounted to 2.35 million tons in 2015. The Group enhanced and improved the phosphate management level through consolidating traditional businesses and carrying out innovative businesses. In terms of traditional businesses, the Group further tapped the potential demand to maintain a competitive edge and acquired external rescources at low cost; in terms of innovative businesses, the Group actively broke the ice, explored new products, new mode and new channels, focused on marketing, kept optimizing trade and resources and persisted in making the phosphate business bigger and stronger.

Compound Fertilizer Operations: Sales volume of compound fertilizers amounted to 2.36 million tons in 2015. The Group continued to promote the integration of compound fertilizers, established the operation and management mechanism of coordination on production and sales, connected the Group's internal production enterprises and channel marketing terminals and improved the operation and management efficiency through precise planning, moving forward the logistics. By enriching the connotation of technology and cultivating the market promotion ability, the Group built the core competitiveness of key products, and the sales for differentiated products such as chelated fertilizer increased significantly, which gradually became a major profit contributor that supports the profitability of the products. The Group took agrochemical services as the starting point, cultivated the comprehensive service capabilities of the new operation entities, gradually formed a "product+service" operational model, improved the customer stickiness and increased the added value of the products.

Monocalcium (MCP)/Monodicalcium phosphate (MDCP) operations: Sinochem Yunlong strengthened the production and sales coordination, explored domestic and international markets, optimized the structure of logistics, reduced the transportation cost, enhanced the competitiveness of its products and better met the demand of customers both at home and abroad. The sales volume continued to improve and 300,000 tons of MCP/MDCP was sold in 2015. At the same time, Sinochem Yunlong strengthened its own brand building and obtained 4 private brand trademarks in 2015, which laid the foundation for the systematic development of products.

In 2015, the Group continued to optimize the existing distribution network and consolidated the customer base so as to optimize the product structure, strengthen the service providing capacity for customers and improve the profitability of the distribution network. The Group continued to promote the marketing transformation of the branches, centred on compound fertilizers and potash for agriculture, strengthened the professional team building in branches, improved the marketing and promotion capacities of the sales personnel and built a professional marketing team that knew well about both technology and marketing. Besides, the Group continued to maintain its strategic cooperation with the Planting Industry Management Department, Ministry of Agriculture, jointly carried out scientific fertilization and explored innovative operation models that took root among modern agriculture through formula fertilizer, packages of seed, fertilizer and pesticide as well as combination of agricultural machinery and agronomy, etc..

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 nine special management committees including risk and internal control management committee, and vigorously promoted the "risk management oriented, internal control centred" internal control and risk management system 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. Under the principle of "high priority, daily monitoring and mainly transferring", the Group regularly conducted risk identification, assessment and response, implemented a whole-process risk alarming management mechanism and adopted corresponding measures for major risks. In 2015, through strengthening source treatment, implementing differentiated management and control and intensifying support and guarantee, the Group further promoted the building of the internal control system, consolidated the basic work and highlighted the management and control over key branches, key businesses, key processes and key risk points. The above Corporate Governance efforts met the compliance requirements from the overseas regulatory organizations, provided reasonable protection for the Group to cope with the changing domestic and international operational environment, serve its strategic transformation and ensure shareholders' interests, asset safety and strategic implementation.

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 endeavoured 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. In 2015, the Group focused on the implementation of scientific fertilization, agronomic seminars, free soil testing service, building of pilot demonstration fields and anti-counterfeiting and brand protection, promoted the creation of formula fertilizer demonstration counties, the "Double-growth 200" program, the building of field schools for farmers and the cultivation of new professional farmers by cooperating with the Ministry of Agriculture and local agricultural departments. By the end of 2015, 8,911 activities were carried out and 1,977 demonstration fields were built, which benefited over 780,000 farmers.

In 2015, the Planting Industry Management Department, Ministry of Agriculture carried out in-depth cooperation with Sinochem Fertilizer Company Ltd. ("Sinochem Fertilizer"), a subsidiary of the Group, on innovative service mechanism and new mode exploration of scientific fertilization, realized application volume reduction and efficiency improvement of fertilizers and carried out pilot projects for application volume reduction and efficiency improvement of fertilizers in the Northeast, Northwest, North China, South China and Southwest. According to the demand of new operation entities for integrated services, together with local technology promotion departments, the Group demonstrated advanced fertilization technology and production mode, led farmers to use new technology and new products and carried out promotion and demonstration across the regions.

To further explore the new mode of developing new professional farmers cultivation jointly by the government, enterprises, colleges and universities, Sinochem Fertilizer, a subsidiary of the Group, cooperated with the Department of Science & Education, Ministry of Agriculture as well as the Central Agricultural Broadcasting and Television School to promote the "new professional farmers cultivation", "young farmers plan" and "entrepreneurial base construction for new professional farmers" in 2015. The campaign to promote agronomic service and new professional farmers cultivation launched by the Department of Science & Education, Ministry of Agriculture and Sinochem Fertilizer was kicked off in Linyi City, Shandong Province. At the launching ceremony, the entrepreneurial base for new professional farmers was awarded by the Department of Science & Education, Ministry of Agriculture and Sinochem Fertilizer, which symbolized that the first new professional farmer entrepreneurship base was located in Linyi.

Sinochem Fertilizer, a subsidiary of the Group, cooperated with the Department of Science & Education, Ministry of Agriculture as well as the Central Agricultural Broadcasting and Television School and provincial agricultural departments and jointly launched 3 Workshops for the Capability Enhancement of Grain King in its branches in 12 provinces in Northeast China, North China, Central China and East China. The workshops were based on the "Education Program for New Professional Farmers" of the Department of Science & Education, Ministry of Agriculture and were an effective attempt launched by governmental department, enterprise and university for new production and operation oriented professional farmers in various provinces and districts. Most of the participants were big grain production households with a planting area of over 1,000 mu. The participants said that the workshops helped them better understand the favorable policies on grain production adopted by the Chinese Communist Party and the government, further enhanced the production and operation concept and grain production capacity, broadened their horizon and boosted their confidence to become new professional farmers and new operation entities.

In the future, the Group will continue to focus on the development of modern agriculture and the scientific and technological demand of farmers, with the goal of fertilizer and pesticide application reduction, deepen the cooperation with the Chinese government, scientific institutions, colleges and universities, centre on key projects such as scientific fertilization, integration of water and fertilizer, comprehensive solutions for planting, training and education and combination of agricultural machinery and agronomy, pool the internal and external resources, constantly make innovations in terms of service measures and continue to provide high-quality, professional and high-efficiency comprehensive service for Chinese farmers.

The Group continued to strengthen HSE management, combined it with production operation and sustainable development, built a professional HSE team, strengthened the HSE system building and training in the headquarters and relevant key subsidiaries, and constantly promoted the rectification of potential safety hazards. Progress was achieved in the environmental protection and emission reduction effort and the four obligatory indicators were all reduced in 2015. In particular, the emission of SO_2 was down by 5.32%, COD by 9.37%, NH_3-N by 10.45% and NO_x by 6.03%.

Outlook

Against the background of a continuous global economic slump, the Chinese economy will remain at "a new normal phase" of steady growth and restructuring for a relatively long time to come. The Chinese government will continue with the general policy of making progress while ensuring stability, deepen reform in an all-round way, maintain the continuity and stability of macro policies and realize continued and steady economic and social development.

The No.1 Document in 2016 continues to focus on agriculture and highlights that with the concept of innovative, coordinated, green, open and shared development, agricultural modernization should be further promoted, the development advantage of agriculture and rural areas enriched, the driving force for innovation enhanced, structural reform on the supply front of agriculture promoted, changes to agricultural development mode quickened, steady development for agriculture and continuous income increase for farmers maintained, a road of agricultural modernization featuring efficient output, safe products, resource conservation and environmental friendliness embarked on and the mutual development of new urbanization and new rural area building promoted so that farmers can equally participate in the modernization process and share the results of modernization.

China's modern agriculture is still in the early stages of development. Although the fertilizer industry faces fierce competition, there is great room for improvement in terms of fertilizer utilization efficiency, new type of fertilizer application and precise fertilization methods. As China's largest fertilizer enterprise, the Group has been working hard for many years and shouldering the responsibility to promote the development of China's agriculture and agricultural input industry against the background of intense market competition today. The Group will revitalize the existing production capacity, carry out integrated operation of production and marketing, realize optimal internal operating efficiency, establish an agricultural service pattern for new type of fertilizers and optimize the management pattern for the supply chain. The Group will also further step up its strategic partnership with Qinghai Salt Lake and continue to pay attention to domestic and overseas high-quality phosphate and potash resources acquisition opportunities under the "One Belt and One Road" policy and further create value for the shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended 31 December 2015, the Group actively took measures, seized market opportunities, promoted cost reduction and efficiency improvement and realized profit attributable to owners of the Company of RMB221 million, decreased by RMB8 million or 3.49% compared to RMB229 million in 2014.

I. Operation Scale

1. Sales Volume

For the year ended 31 December 2015, sales volume of the Group was 13.04 million tons, decreased by 10.87% over 2014. In 2015, the fertilizer market first recovered and then fell down and the oversupply situation in the fertilizer market was still severe. Except for compound fertilizer, sales volume of all major fertilizers declined compared to the previous year. The sales of domestic fertilizers amounted to 8.26 million tons, down by 17.81% year on year. While the relationship between the Group and overseas strategic partners was strengthened, sales volume of imported fertilizers amounted to 3.70 million tons, which increased slightly compared to 2014.

In terms of product mix, sales volume of compound fertilizer of the Group increased by 13.46% year on year while sales volume of potash, nitrogen and phosphate declined by 5.84%, 14.91% and 24.44% respectively due to the fluctuations of the fertilizer market and risk prevention considerations. Faced with the severe market situation, the Group still maintained a relatively high market share through strengthening strategic partnership with core domestic and overseas suppliers, and taking full advantage of the high-quality, ample and competitive supply.

2. Turnover

For the year ended 31 December 2015, the turnover of the Group amounted to RMB26,121 million, decreased by RMB2,190 million or 7.74% year on year. The fall range of the turnover was lower than that of sales volume (10.87%), which was mainly attributable to the fact that the Group seized market opportunities and the average selling price increased by 3.52% year on year.

Table 1:

	For the year ended 31 December			
	2015		2014	
	Turnover *RMB'000*	**As percentage of total turnover**	Turnover *RMB'000*	As percentage of total turnover
Potash fertilizers	**5,846,791**	**22.38%**	6,242,557	22.05%
Nitrogen fertilizers	**6,481,523**	**24.81%**	7,753,464	27.39%
Compound fertilizers	**6,485,623**	**24.83%**	5,441,242	19.22%
Phosphate fertilizers	**5,678,588**	**21.74%**	6,941,815	24.52%
MCP/MDCP	**776,999**	**2.97%**	721,969	2.55%
Others	**851,964**	**3.27%**	1,210,039	4.27%
Total	**26,121,488**	**100.00%**	28,311,086	100.00%

3. ***Turnover and Result by Segment***

The operating segments of the Group are divided into Marketing Segment (procurement and distribution of fertilizers and related products) and Production Segment (production and sales of fertilizers).

The following is an analysis of the Group's turnover and profit by operating segment for the year ended 31 December 2015 and 2014:

Table 2:

2015

	Marketing *RMB'000*	**Production** *RMB'000*	**Eliminations** *RMB'000*	**Total** *RMB'000*
Turnover				
External sales	**24,338,972**	**1,782,516**	**–**	**26,121,488**
Inter-segment sales	**1,321,926**	**3,618,542**	**(4,940,468)**	**–**
Total	**25,660,898**	**5,401,058**	**(4,940,468)**	**26,121,488**
Segment gross profit	**1,096,495**	**572,593**	**–**	**1,669,088**
Segment profit/(loss)	**534,937**	**(2,047)**	**–**	**532,890**

2014

	Marketing *RMB'000*	Production *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Turnover				
External sales	26,105,227	2,205,859	–	28,311,086
Inter-segment sales	962,691	2,774,971	(3,737,662)	–
Total	27,067,918	4,980,830	(3,737,662)	28,311,086
Segment gross profit	1,052,450	365,651	–	1,418,101
Segment profit/(loss)	377,808	(214,413)	–	163,395

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

For the year ended 31 December 2015, the external sales turnover decreased by RMB2,190 million over 2014, which was attributable to the sales volume decrease due to oversupply in domestic fertilizer market.

For the year ended 31 December 2015, the segment profit of the Group was RMB533 million, among which, Marketing Segment successfully realized a profit of RMB535 million, increased by RMB157 million over 2014 through seizing opportunities of the rebounding market in the middle of the year. In addition, through continuous implementation of technological innovation, cost reduction and efficiency improvement, the manufacturing companies realized high and stable yields, and the loss from Production Segment amounting to RMB2 million, decreased by RMB212 million year on year.

II. Profit

1. Gross profit

For the year ended 31 December 2015, gross profit of the Group amounted to RMB1,669 million, increased by RMB251 million over 2014.

The Group undertook different strategies for different products. In terms of potash, through strengthening strategic partnership with core domestic and overseas suppliers, securing constant and steady supply of competitive products, steadily strengthening the channel marketing of potash for agriculture, the gross profit increased by 8% year on year; in terms of phosphate, the gross profit increased by 59% year on year through grasping the market opportunity, strengthening the management of suppliers and production-marketing docking, consolidating industrial and agricultural customer relations, and improving customer loyalty; in terms of compound fertilizer, the gross profit increased by 51% year on year by relying on the production supply of upstream subsidiaries, associates and joint ventures and the core supplier system construction, using the downstream distribution network to expand and optimize the product structure, taking advantage of the integration of production, supply and marketing; in terms of nitrogen, the Group strictly controlled risks and moderately operated the business, but the gross profit still declined by 37% compared to 2014 as the selling price of nitrogen stayed low in 2015.

In summary, in the sluggish fertilizer market, the Group steadily promoted marketing transformation, enhanced internal operating efficiency, optimized the supply chain management, and reinforced the basic management, which led to a steady increase in gross profit over the previous year.

2. ***Share of results of joint ventures and associates***

Share of results of joint ventures: For the year ended 31 December 2015, the share of results of joint ventures of the Group amounted to a profit of RMB49 million, increased by RMB105 million compared to 2014. This was mainly due to the fact that Yunnan Three Circles-Sinochem Fertilizer Co., Ltd. ("Three Circles-Sinochem") realized a profit of RMB25 million, increased by RMB92 million compared to 2014 due to the recovery of the phosphorus chemical industry and the increase of its selling price.

Share of results of associates: For the year ended 31 December 2015, the share of results of associates of the Group amounted to RMB32 million, decreased by RMB102 million over 2014. This was mainly attributable to the decrease of the profit of Qinghai Salt Lake Industry Co., Ltd. ("Qinghai Salt Lake"), a major associate of the Group.

3. ***Income tax***

For the year ended 31 December 2015, income tax expense of the Group was RMB148 million, increased by RMB11 million over 2014. This was mainly attributable to the fact that RMB149 million of deferred tax asset was reversed at expiry from the provision made in the previous year by Sinochem Fertilizer Co., Ltd. ("Sinochem Fertilizer"), a subsidiary of the Group, and RMB126 million of deferred income tax was reversed in 2014.

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

4. Net profit attributable to owners of the Company

For the year ended 31 December 2015, net profit attributable to owners of the Company was RMB221 million which slightly decreased compared to 2014. The Group actively took various operational measures, kept promoting the guideline of cost reduction and efficiency improvement, seized market opportunities, deepened the innovation and transformation, and continued to enhance the profitability of the Group, but due to the reintroduction of value-added tax in the 2nd half of 2015 and the profit decrease of Qinghai Salt Lake, profit attributable to owners of the Company decreased.

For the year ended 31 December 2015, the net profit margin was 0.85%, which is calculated based on profit attributable to owners of the Company divided by turnover.

III. Expenditures

For the year ended 31 December 2015, three expenses amounted to RMB1,652 million, increased by RMB68 million or 4.29% from RMB1,584 million over 2014.

Selling and distribution expenses: For the year ended 31 December 2015, selling and distribution expenses amounted to RMB773 million, decreased by RMB68 million or 8.09% from RMB841 million over 2014. The decrease was mainly attributable to the fact that the Group kept promoting the guideline of cost reduction and efficiency improvement, and improved the utilization of warehouse which resulted in reduction of logistics cost including warehousing and storage charges year on year.

Administrative expenses: For the year ended 31 December 2015, administrative expenses amounted to RMB605 million, increased by 0.83% compared to RMB600 million for the year ended 31 December 2014.

Finance costs: For the year ended 31 December 2015, finance costs amounted to RMB274 million, increased by RMB131 million or 91.61% from RMB143 million over 2014. This was mainly because: the average scale of the Group's borrowings increased in 2015, and the Group changed from overseas financing in US dollars to domestic financing in RMB in order to avoid the risk of exchange rate fluctuations which led to an increase of finance costs.

IV. Other Income and Gains

For the year ended 31 December 2015, the Group's other income and gains amounted to RMB358 million, decreased by RMB105 million or 22.68% from RMB463 million over 2014. This was mainly attributable to the fact that Sinochem Fertilizer, a subsidiary of the Group, subscribed for the enlarged registered capital of Guizhou Kailin Group Co., Ltd. ("Kailin Group") and as a consideration of which, Sinochem Fertilizer transferred its 13.41% equity interest in Guiyang Sinochem Kailin Fertilizer Co., Ltd. to Kailin Group. This equity transfer was considered as a disposal of the available-for-sale investment, and as a result, other income and gains in 2014 increased by RMB107 million.

V. Inventory

The inventory balance of the Group as at 31 December 2015 amounted to RMB6,312 million, increased by RMB364 million or 6.12% from RMB5,948 million as at 31 December 2014. Due to the increase of inventory scale, inventory turnover days*(Note)* increased from 69 days in 2014 to 90 days in 2015.

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

VI. Trade and Bills Receivables

The balance of the Group's trade and bills receivables as at 31 December 2015 amounted to RMB348 million, decreased by RMB928 million or 72.73% from RMB1,276 million as at 31 December 2014, which was mainly due to that the Group strictly controlled the risk and scale of credit, thus leading to the decrease in the balance of trade and bills receivables as at 31 December 2015 over that as at 31 December 2014.

Both the turnover and the balance of trade and bills receivables of the Group decreased year on year, and the trade and bills receivables turnover day*(Note)* was 11 days in 2015, 4 days faster than 15 days in 2014.

Note: Calculated on the basis of average trade and bills receivables balance excluding bills discounted to banks as at the end of the reporting period divided by turnover, and multiplied by 360 days. (The trade and bill receivable balance excluded the bills discounted to the banks)

VII. Interests in Joint Ventures

As at 31 December 2015, the balance of the Group's interests in joint ventures amounted to RMB581 million, increased by RMB41 million or 7.59% from RMB540 million as at 31 December 2014, which was mainly due to that the invested joint ventures realized profit in 2015 through seizing the opportunities of rebounding of fertilizer market in the middle of the year. Among them, the share of profit attributable to Three-Circles Sinochem was RMB25 million.

VIII. Interests in Associates

The balance of the Group's interests in associates as at 31 December 2015 amounted to RMB11,574 million, increased by RMB3,215 million or 38.46% from RMB8,359 million as at 31 December 2014, which was mainly due to that:

1. The Group acquired 15.01% of the shares in Qinghai Salt Lake held by Sinochem Corporation, leading to an increase of RMB3,903 million in interests in associates;

2. In December 2015, Qinghai Salt Lake issued new shares to certain minority shareholders (the "Offering"), since Sinochem Fertilizer did not participate in the Offering, the Group's interest in Qinghai Salt Lake was diluted to 20.52%, leading to a decrease of RMB695 million in interests in associates.

IX. Available-for-sale Investments

As at 31 December 2015, the balance of the Group's available-for-sale investments amounted to RMB519 million, increased by RMB45 million or 9.49% from RMB474 million as at 31 December 2014. The share price of China XLX Fertiliser Limited held by the Group increased as at 31 December 2015, which led to an increase of RMB45 million in available-for-sale investments.

X. Interest-bearing borrowings

As at 31 December 2015, the Group's liabilities with interests amounted to RMB6,274 million, increased by RMB3,401 million or 118.38% from RMB2,873 million as at 31 December 2014, which was mainly due to the increase of borrowings to supplement the working capital of the Group. In particular,

(1) Borrowings

As at 31 December 2015, the balance of the Group's borrowings amounted to RMB4,274 million, increased by RMB1,401 million or 48.76% from RMB2,873 million as at 31 December 2014.

(2) Short-Term Commercial Paper

The Group issued a one-year short-term commercial paper of RMB2 billion with an interest rate of 3.40% per annum on 19 October 2015.

XI. Trade and Bills Payables

As at 31 December 2015, the balance of the Group's trade and bills payables amounted to RMB5,997 million, increased by RMB1,368 million or 29.55% from RMB4,629 million as at 31 December 2014. The increase of trade and bills payables was mainly attributable to the fact that the Group upsized the inventory scale in 2015.

XII. Other Financial Indicators

Basic earnings per share for the year ended 31 December 2015 amounted to RMB0.0314, and return on equity (ROE) for the year ended 31 December 2015 was 1.70%, both lower than those in 2014, which was mainly due to the decline in profit attributable to owners of the Company in 2015.

Table 3:

	2015	2014
Profitability		
Earnings per share (RMB) *(Note 1)*	**0.0314**	0.0326
ROE *(Note 2)*	**1.70%**	1.72%

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

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

As at 31 December 2015, the Group's current ratio was 0.79, and the debt-to-equity ratio was 47.98%. Despite of the lower current ratio, the Group enjoyed relatively high banking facilities, was rated BBB+ by Fitch Ratings and had diversified fund raising. The Group maintained a stable financial structure through actively taking operating measures in the sluggish fertilizer market.

Table 4:

	2015	2014
Liquidity and Capital adequacy		
Current ratio *(Note 1)*	**0.79**	1.12
Debt-to-Equity ratio *(Note 2)*	**47.98%**	20.39%

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

Note 2: Calculated based on 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).

XIII. Liquidity and Financial Resources

The Group's principal sources of financing included cash, bank loans and proceeds from the issue of new shares and bonds. All the financial resources were primarily used for the Group's trading and distribution, production, repayment of liabilities and for related capital expenditures.

As at 31 December 2015, cash and cash equivalents of the Group amounted to RMB640 million, which was mainly denominated in RMB and US dollar.

Below is the analysis of interest-bearing borrowings of the Group:

Table 5:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Bank loans, secured	**–**	144,411
Bank loans, unsecured	**673,430**	40,000
Short-term commercial paper	**2,000,000**	–
Borrowings from Sinochem Group	**200,000**	200,000
Borrowings from Sinochem Finance Co., Ltd.	**60,000**	–
Borrowings from Sinochem Hong Kong (Group) Co., Ltd.	**850,000**	–
Bonds		
Principal amount	**2,500,000**	2,500,000
Less: unamortized transaction costs	**(9,165)**	(11,515)
Total	**6,274,265**	2,872,896

Table 6:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Carrying amount repayable		
Within one year	**3,583,430**	184,411
More than one year, but within five years	**2,690,835**	2,688,485
Total	**6,274,265**	2,872,896

Table 7:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Fixed-rate borrowings	**5,924,265**	2,872,896
Variable-rate borrowings	**350,000**	–
Total	**6,274,265**	2,872,896

As at 31 December 2015, the Group had banking facilities equal to RMB24,152 million, including US$1,585 million and RMB13,860 million respectively. The unutilized banking facilities amounted to RMB20,169 million including US$1,310 million and RMB11,664 million respectively.

The Group planned to repay the above loan liability with internal resource.

XIV. Operation and Financial Risks

The Group's major operation risks include: the world economy remained sluggish and was still faced with great uncertainty; due to the oversupply on the domestic fertilizer market, the market price of fertilizer saw some recovery, but was still at a relatively low level; as the preferential rail freight for fertilizer phased out and environmental protection requirements increased, the pressure for industrial restructuring and competition was further increased.

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

Market risk

Market risk includes currency risk, interest rate risk and other price risk. Currency risk represents unfavourable change in exchange rate that may have an impact on the Group's financial results and cash flow; interest rate risk represents the unfavourable change in interest rate that may lead to changes in the fair value of fixed rate borrowings and other deposit; and other price risk represents the Group's risk related to value of equity investments, which mainly derived from investments in equity securities.

Majority of the Group's assets, liabilities and transactions are denominated in RMB, US dollar and Hong Kong dollar. Due to the presence of a certain scale of import and export business of the Group, the exchange rate fluctuations will have an impact on the cost of import and export prices, the management of the Group adopted prudent hedging strategies all the time and continued to monitor and control the above risks so as to mitigate the potential negative impact 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 comprehensive financial statement by counterparties on 31 December 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 overdue debt to mitigate the credit risk.

Liquidity risk

The Management is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands, as well as mitigating the liquidity risks. The Management continuously monitors the usage of borrowings and complies with bank loan terms and conditions.

XV. Contingent Liabilities

As at 31 December 2015, the Group had no contingent liabilities.

XVI. Capital Commitment

Table 8:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property, plant and equipment	**46,017**	266,793
Authorized but not contracted for		
– Property, plant and equipment	**546,315**	609,617
– Investments in an associate and others	**300,000**	4,190,101
Total	**892,332**	5,066,511

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

XVII. Material Investments

On 27 April 2015, Sinochem Fertilizer signed a share transfer agreement with Sinochem Corporation, according to which, Sinochem Fertilizer acquired 238,791,954 issued shares of Qinghai Salt Lake, representing 15.01% of its total issued share capital, at a total consideration of RMB3,903,420,000 (the "Acquisition"). Prior to the Acquisition, Sinochem Fertilizer owned 142,260,369 shares of Qinghai Salt Lake, representing 8.94% of its total issued share capital. After the Acquisition was completed on 9 September 2015, Sinochem Fertilizer held 381,052,323 shares of Qinghai Salt Lake, and became the second largest shareholder of Qinghai Salt Lake. For more details relating to the Acquisition, please refer to the announcements of the Company issued on 9 December 2014, 12 February 2015 and 11 September 2015, and the circular letter published on 27 January 2015.

In December 2015, Qinghai Salt Lake issued new shares to certain minority shareholders and the Group's interest in Qinghai Salt Lake was diluted to 20.52%.

XVIII. Human Resources

The key components of the Group's remuneration package include basic salary, and where applicable, other allowances, annual 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 to achieve 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 compensation. The level of cash compensation to employees offered by the Group varies with the 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-calibre employees required for the development of the Group and to avoid offering excess reward.

The emoluments payable to Directors are determined with reference to the responsibilities, qualifications, experience and performance of the Directors. They include incentive bonus primarily determined based on the results of the Group and 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/her associates and executives, is involved in deciding his/her own emoluments.

The Group reviews its remuneration policy annually and engages professional consultant, if necessary, to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 31 December 2015, the Group had about 6,752 full-time employees (including those employed by the Group's subsidiaries), and their remuneration is determined with reference to market rates. No individual employee shall have the right to determine his/her own remuneration.

In addition to the basic remuneration, the Group also value the importance of training and career development of employees. In 2015, the Group provided 2,033 person-times or 12,365 hours of training (any training organized by the subsidiaries have not been included in these numbers). The training courses covered areas such as industrial development, leadership enhancement, marketing management, operation and management, laws and regulations, lean management, project management, finance, logistics, human resource management, information technology, safe production and general working skills. These training will further improve the management skills and professional standards of the management of the Group and enhance the overall quality of the employees to cater to the Group's rapid developments, and improve the competitiveness of the Group.

During the year, the Company had arranged directors & officers' liability (D & O) insurance which provides comprehensive protection for the Group's business by covering losses in relation to investigations or claims against the Company's Directors and the Group's officers.

The board of directors (the "Board") of Sinofert Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015, together with the comparative figures for prior year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Note	**2015** *RMB'000*	2014 *RMB'000*
Turnover	*3(a)*	**26,121,488**	28,311,086
Cost of sales		**(24,452,400)**	(26,892,985)
Gross profit		**1,669,088**	1,418,101
Other income and gains	*4*	**357,651**	463,436
Selling and distribution expenses		**(772,787)**	(840,871)
Administrative expenses		**(605,332)**	(599,717)
Other expenses and losses		**(105,411)**	(103,997)
Share of results of associates		**32,220**	133,660
Share of results of joint ventures		**48,818**	(55,500)
Finance costs	*5*	**(274,098)**	(142,990)
Profit before taxation	*6*	**350,149**	272,122
Income tax	*7*	**(147,602)**	(136,700)
Profit for the year		**202,547**	135,422
Profit /(Loss) for the year attributable to:			
– Owners of the Company		**220,855**	229,339
– Non-controlling interests		**(18,308)**	(93,917)
		202,547	135,422

	Note	2015 RMB'000	2014 RMB'000
Profit for the year		**202,547**	135,422
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**206,898**	4,179
Changes in fair value of available-for-sale investments		**38,554**	(5,591)
Other comprehensive income/(expense) for the year		**245,452**	(1,412)
Total comprehensive income for the year		**447,999**	134,010
Total comprehensive income attributable to:			
– Owners of the Company		**466,307**	227,927
– Non-controlling interests		**(18,308)**	(93,917)
		447,999	134,010
Earnings per share			
Basic (RMB)	9	**0.0314**	0.0326
Diluted (RMB)	9	**0.0314**	0.0326

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

		As at 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property, plant and equipment		**3,876,167**	3,783,755
Lease prepayments		**513,844**	514,076
Mining rights		**643,673**	675,984
Goodwill		**829,752**	812,319
Other long-term assets		**10,202**	8,783
Interests in associates		**11,574,427**	8,359,435
Interests in joint ventures		**581,436**	539,965
Available-for-sale investments		**519,040**	474,005
Advance payments for acquisition of property, plant and equipment		**29,077**	43,490
Deferred tax assets		**44,740**	198,559
		18,622,358	15,410,371
Current assets			
Inventories	*10*	**6,312,327**	5,948,265
Trade and bills receivables	*11*	**348,097**	1,276,330
Other receivables and advance payments		**1,131,386**	1,248,769
Loans to an associate		**670,000**	700,000
Lease prepayments		**13,810**	13,159
Other deposits		**1,200**	151,200
Bank balances and cash		**639,851**	462,890
		9,116,671	9,800,613
Current liabilities			
Trade and bills payables	*12*	**5,997,402**	4,628,833
Other payables and receipt in advance		**1,993,382**	3,882,756
Interest-bearing borrowings – due within one year		**1,583,430**	184,411
Short-term commercial paper		**2,000,000**	–
Financial liability		**–**	25,633
Tax liabilities		**11,429**	13,533
		11,585,643	8,735,166
Net current (liabilities)/assets		**(2,468,972)**	1,065,447
Total assets less current liabilities		**16,153,386**	16,475,818

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Non-current liabilities		
Interest-bearing borrowings		
– due after one year	**2,690,835**	2,688,485
Deferred income	**107,125**	115,788
Deferred tax liabilities	**234,669**	246,755
Other long-term liabilities	**44,836**	42,502
	3,077,465	3,093,530
NET ASSETS	**13,075,921**	13,382,288
CAPITAL AND RESERVES		
Issued equity	**8,267,384**	8,267,384
Reserves	**4,759,933**	5,047,992
Total equity attributable to owners of the Company	**13,027,317**	13,315,376
Non-controlling interests	**48,604**	66,912
TOTAL EQUITY	**13,075,921**	13,382,288

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

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

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in associates and joint ventures.

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

– financial instruments classified as available-for-sale securities

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2014 except for the application of the following new and revised HKFRSs issued by the HKICPA.

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

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

Impacts of the adoption of the amended HKFRSs are discussed below:

Annual improvement to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

Turnover represents the sales value of fertilizers and related products. The following is an analysis of the Group's revenue from its major fertilizer products:

	2015	2014
	RMB'000	*RMB'000*
Potash fertilizer	**5,846,791**	6,242,557
Nitrogen fertilizer	**6,481,523**	7,753,464
Compound fertilizer	**6,485,623**	5,441,242
Phosphate fertilizer	**5,678,588**	6,941,815
MCP/MDCP	**776,999**	721,969
Others	**851,964**	1,210,039
	26,121,488	28,311,086

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

(b) Segment reporting

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

- Marketing: sourcing and distribution of fertilizers and related products

- Production: production and sales of fertilizers

(i) Segment results, assets and liabilities

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without taking into account of unallocated 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. In addition, the CODM also regularly review the segment information in relation to the share of results of associates and the share of results of joint ventures.

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

For the purposes of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than interests in associates, interests in joint ventures, available-for-sale investments, deferred tax assets and other unallocated assets; and

- All liabilities are allocated to operating segments other than deferred tax liabilities, interest-bearing borrowings, short-term commercial paper and other unallocated liabilities.

2015	Marketing *RMB'000*	Production *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
External revenue	**24,338,972**	**1,782,516**	**–**	**26,121,488**
Internal revenue	**1,321,926**	**3,618,542**	**(4,940,468)**	**–**
Segment revenue	**25,660,898**	**5,401,058**	**(4,940,468)**	**26,121,488**
Segment gross profit	**1,096,495**	**572,593**	**–**	**1,669,088**
Segment profit/(loss)	**534,937**	**(2,047)**	**–**	**532,890**
Share of results of associates	**1,003**	**31,217**	**–**	**32,220**
Share of results of joint ventures	**3,070**	**45,748**	**–**	**48,818**
Unallocated expenses				**(87,329)**
Unallocated income				**97,648**
Finance costs				**(274,098)**
Profit before taxation				**350,149**
Assets				
Segment assets	**7,644,690**	**6,541,244**	**–**	**14,185,934**
Interests in associates	**4,218**	**11,570,209**	**–**	**11,574,427**
Interests in joint ventures	**58,256**	**523,180**	**–**	**581,436**
Available-for-sale investments				**519,040**
Deferred tax assets				**44,740**
Other unallocated assets				**833,452**
Consolidated total assets				**27,739,029**
Liabilities				
Segment liabilities	**6,859,177**	**1,218,067**	**–**	**8,077,244**
Deferred tax liabilities				**234,669**
Interest-bearing borrowings				**4,274,265**
Short-term commercial paper				**2,000,000**
Other unallocated liabilities				**76,930**
Consolidated total liabilities				**14,663,108**

2014	Marketing *RMB'000*	Production *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
External revenue	26,105,227	2,205,859	–	28,311,086
Internal revenue	962,691	2,774,971	(3,737,662)	–
Segment revenue	27,067,918	4,980,830	(3,737,662)	28,311,086
Segment gross profit	1,052,450	365,651	–	1,418,101
Segment profit/(loss)	377,808	(214,413)	–	163,395
Share of results of associates	1,425	132,235	–	133,660
Share of results of joint ventures	1,838	(57,338)	–	(55,500)
Unallocated expenses				(107,773)
Unallocated income				281,330
Finance costs				(142,990)
Profit before taxation				272,122
Assets				
Segment assets	8,017,274	6,651,232	–	14,668,506
Interests in associates	16,677	8,342,758	–	8,359,435
Interests in joint ventures	55,186	484,779	–	539,965
Available-for-sale investments				474,005
Deferred tax assets				198,559
Other unallocated assets				970,514
Consolidated total assets				25,210,984
Liabilities				
Segment liabilities	7,487,868	1,165,136	–	8,653,004
Deferred tax liabilities				246,755
Interest-bearing borrowings				2,872,896
Other unallocated liabilities				56,041
Consolidated total liabilities				11,828,696

(ii) ***Other Segment information***

2015	**Marketing** *RMB'000*	**Production** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Amounts included in the measures of segment profit/(loss) and segment assets:				
Additions to non-current assets	**20,563**	**424,478**	**5**	**445,046**
Write-down of trade receivables	**–**	**(5,735)**	**–**	**(5,735)**
Write-down of other receivables and advance payments	**–**	**(13,511)**	**–**	**(13,511)**
Reversal of collectible receivables	**–**	**9,488**	**–**	**9,488**
Impairment loss on property, plant and equipment	**–**	**(28,216)**	**–**	**(28,216)**
Depreciation and amortization	**(10,655)**	**(327,800)**	**(14)**	**(338,469)**
Release of lease prepayments	**–**	**(13,203)**	**–**	**(13,203)**
Write-down of inventories	**(31,255)**	**(3,630)**	**–**	**(34,885)**
Loss on disposal of property, plant and equipment	**(73)**	**(285)**	**–**	**(358)**
Write-off of payables	**4,256**	**3,194**	**–**	**7,450**

2014	Marketing *RMB'000*	Production *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measures of segment profit/(loss) and segment assets:				
Additions to non-current assets	10,257	805,963	12	816,232
Write-down of trade receivables	–	(477)	–	(477)
Reversal of collectible receivables	10,800	–	–	10,800
Impairment loss on property, plant and equipment	–	(7,498)	–	(7,498)
Depreciation and amortization	(10,920)	(325,884)	(11)	(336,815)
Release of lease prepayments	–	(12,121)	–	(12,121)
Write-down of inventories	(11,297)	(15,458)	–	(26,755)
Gain/(Loss) on disposal of property, plant and equipment	172	(4,958)	–	(4,786)
Write-off of payables	625	11,119	–	11,744

(iii) Geographical information

The Group's operations are mainly located in the PRC mainland and Macao Special Administrative Region ("Macao SAR").

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

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The PRC	**24,564,894**	27,110,559	**18,054,864**	14,721,377
Others	**1,556,594**	1,200,527	**3,714**	16,430
	26,121,488	28,311,086	**18,058,578**	14,737,807

4. OTHER INCOME AND GAINS

	2015	2014
	RMB'000	*RMB'000*
Rental income	**5,197**	3,727
Dividend income from available-for-sale investments	**3,044**	3,042
Interest income	**138,488**	98,576
Interest income from an associate	**41,891**	48,277
Government grants	**26,733**	23,836
Foreign exchange gain	**43,416**	56,581
Sales of semi-product, raw materials and scrapped materials	**8,400**	37,529
Release of deferred income	**10,763**	9,668
Insurance claims received	**43,061**	18,382
Write-off of payables	**7,450**	11,744
Gain on disposal of a subsidiary	**–**	1,881
Gain on disposal of an available-for-sale investment	**–**	106,754
Others	**29,208**	43,439
	357,651	463,436

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on borrowings	**298,182**	142,990
Less: interest expense capitalized *(note)*	**(24,084)**	–
	274,098	142,990

Note: The capitalization rates used to determine the amount of borrowing costs eligible for capitalization related to construction of production lines are 5.45% (2014: Nil) for the year ended 31 December 2015.

6. PROFIT BEFORE TAXATION

	2015	2014
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**300,494**	297,657
Release of lease prepayments	**13,203**	12,121
Amortization of mining rights	**32,311**	32,625
Amortization of other long-term assets	**5,664**	6,533
Loss on disposal of property, plant and equipment	**358**	4,786
Loss on disposal of an associate	**57**	–
Write-down of trade receivables	**5,735**	477
Write-down of other receivables and advanced payments	**13,511**	–
Write-down of inventories	**34,885**	26,755
Impairment loss on property, plant and equipment	**28,216**	7,498
Reversal of collectible receivables	**(9,488)**	(10,800)

7. INCOME TAX

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

	2015	2014
	RMB'000	*RMB'000*
Provision for the year		
PRC Enterprise Income Tax	**(3,216)**	(8,319)
(Under)/Over-provision in prior years		
Hong Kong Profits Tax	**–**	49
PRC Enterprise Income Tax	**(2,653)**	(2,141)
Deferred tax		
Origination and reversal of temporary differences	**(141,733)**	(126,289)
	(147,602)	(136,700)

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

(ii) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.

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

(iv) A subsidiary of the Group incorporated in Macao SAR is exempted from income tax.

(b) Reconciliation between tax expense charged to profit or loss and accounting profit at applicable tax rates:

	2015	2014
	RMB'000	*RMB'000*
Profit before taxation	**350,149**	272,122
Tax calculated at the applicable tax rate of 25%	**(87,537)**	(68,030)
Effect of different income tax rates	**50,009**	41,875
Tax effect of non-deductible expenses	**(9,850)**	(30,009)
Tax effect of non-taxable income	**407**	619
Tax effect of share of results of associates	**8,055**	33,415
Tax effect of share of results of joint ventures	**12,205**	(13,875)
Effect of prior year's tax losses and deductible temporary differences utilized during the year	**4,881**	2,830
Effect of tax losses and deductible temporary difference not recognized	**(24,211)**	(56,164)
Tax effect of write-down of deferred tax assets recognized in previous years	**(98,908)**	(45,269)
Under-provision in prior years	**(2,653)**	(2,092)
Income tax expense for the year	**(147,602)**	(136,700)

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.0104, equivalent to approximately RMB0.0082 per share (2014: nil)	**59,415**	–
Proposed final dividend of HK$0.0097, equivalent to approximately RMB0.0081 per share (2014: Proposed final dividend of HK$0.0104, equivalent to approximately RMB0.0082 per share)	**56,898**	57,633

9. EARNINGS PER SHARE

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

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic/diluted earnings per share	**220,855**	229,339

	2015	2014
	'000 shares	*'000 shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic/diluted earnings per share	**7,024,456**	7,024,456

10. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Fertilizer merchandise and finished goods	**5,803,944**	5,328,507
Raw material	**395,300**	514,373
Work in progress	**62,422**	45,389
Consumables	**50,661**	59,996
	6,312,327	5,948,265

11. TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**76,572**	208,081
Less: allowance for doubtful debts	**(7,774)**	(11,527)
	68,798	196,554
Bill receivables	**279,299**	1,079,776
Total trade and bill receivables	**348,097**	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:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**285,558**	284,760
More than 3 months but within 6 months	**33,091**	951,402
More than 6 months but within 12 months	**1,914**	31,069
Over 12 months	**27,534**	9,099
	348,097	1,276,330

12. TRADE AND BILLS PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables	**4,614,655**	3,817,175
Bills payables	**1,382,747**	811,658
Trade and bills payables	**5,997,402**	4,628,833

As at 31 December 2015, the aging analysis of trade and bills payables presented based on the invoice date is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**4,501,446**	4,345,265
More than 3 months but within 6 months	**1,318,698**	94,442
More than 6 months but within 12 months	**21,854**	133,071
Over 12 months	**155,404**	56,055
	5,997,402	4,628,833

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK$0.0097 (equivalent to approximately RMB0.0081) per share for the year ended 31 December 2015 (2014: final dividend of HK$0.0104 per share, equivalent to approximately RMB0.0082) to the shareholders, estimated to be approximately HK$68,137,000 (equivalent to approximately RMB56,898,000) and the retention of the remaining profit in reserves.

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three members, including Mr. Tse Hau Yin, Aloysius as Chairman, Mr. Lu Xin and Mr. Ko Ming Tung, Edward as members, all of whom are Independent Non-executive Directors of the Company.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, financial control, internal control system, risk management and financial reporting matters including the review of the consolidated financial statements of the Company for the year ended 31 December 2015.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

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") and its amendments from time to time as its own code of conduct regarding securities transaction by Directors. Having made specific enquiries with all Directors of the Company, all Directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 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 year.

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 practices on corporate governance.

The Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules (the "Corporate Governance Code") sets out the principles of good corporate governance, and two levels of recommendations: (a) code provisions; and (b) recommended best practices. It also includes the mandatory disclosure requirements and recommended disclosures in respect of corporate governance for listed companies. For the year ended 31 December 2015 and up to the date of this announcement, the Company has complied with the applicable code provisions in the Corporate Governance Code, except for the deviations from the code provisions A.1.7 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 year 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 meetings, 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, the then 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, nomination and corporate governance committee 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 2015 annual report for more information about the corporate governance practices of the Company to be published soon.

BOARD OF DIRECTORS

As at the date of this announcement, the 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. Ning Gao Ning (Chairman), Mr. Yang Lin, Dr. Stephen Francis Dowdle and Ms. Xiang Dandan; 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 of
SINOFERT HOLDINGS LIMITED
Wang Hong Jun
Executive Director and Chief Executive Officer

Hong Kong, 31 March 2016

* *For identification purposes only*