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 2007

FINANCIAL HIGHLIGHTS

- Group turnover reached HK$14.34 billion, up by 39%
- Net profit reached HK$530 million, up by 14%; net profit excluding the changes in fair value of derivative component of convertible loan notes was HK$610 million, up by 31%
- Basic earnings per share was 9.13 HK cents, up by 14%; basic earnings per share excluding the changes in fair value of derivative component of convertible loan notes was 10.49 HK cents, up by 31%
- The Board of Directors resolved not to declare any interim dividend for the period ended 30 June 2007

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to you the interim results of Sinofert Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007 for your review.

During first half 2007, the Chinese government strengthened macro-control efforts to prevent fairly fast economic growth from overheating, and yet continued its uncompromised policies to support the agricultural sector, the rural areas and the farmers. The production enthusiasm of the farmers was further aroused, the grain planting acreage was increased, and fertilizer demand grew at a steady pace. All this has provided favorable opportunities for the development of the Group. By fully leveraging on its cutting edges in resources, distribution network, capital operations, brand image, services and management, the Group continued to push forward the strategy of "centering on marketing and distribution and expanding into both upstream and downstream of the industry chain". As a result, the Group successfully surmounted a series of adversary factors, such as rising energy and raw material cost, soaring ocean freight and falling prices of some fertilizer products, and achieved a fast growth in business performance. For the six months ended 30 June 2007, the Group realized a total sales volume of 7.90 million tons, up by 29% over the corresponding period of 2006; turnover reached HK$14.34 billion, up by 39% over the corresponding period of 2006; net profit excluding HK$79 million of changes in fair value of derivative component of the convertible loan notes was HK$610 million, up by 31% over the corresponding period of 2006; and earnings per share (EPS) was 10.49 HK cents, up by 31% over the corresponding period of 2006. Such remarkable results represented a historical high year on year in the history of the Group.

Working to maximize shareholders' value, the Board of Directors has constantly improved corporate governance and endeavored to bring into place a highly effective, standardized and rational corporate governance mechanism for scientific decision making. In compliance with the provisions set out in Appendix 14 to the Code on Corporate Governance Practices, the Company held two regular meetings of the Board of Directors during January – June 2007, at which the 2006 annual report, the dividend policy, corporate development strategy and other issues were deliberated and approved. Meanwhile, through irregular meetings, the Board of Directors also examined other important matters such as strategic investments and connected transactions.

In 2007, Mr. Li Ka Cheung, Eric retired by rotation as an independent non-executive director of the Company. Meanwhile, Mr. Tse Hau Yin, Aloysius was appointed as an independent non-executive director of the Company at the shareholders annual general meeting held on 28 June 2007. On behalf of the Board of Directors, I would like to take this opportunity to express our sincere appreciation to Mr. Li for his valuable contributions to the Company during his term of service.

Looking into the second half of 2007 and beyond, we have full confidence in the Chinese fertilizer market and the prospects of the Group. The world's population keeps rising, bio-energy is booming, and both have accelerated the rigid demand for grains. On the other hand, the area of arable land is limited, and grain production tends to fluctuate due to the impact of climatic changes and natural disasters. Therefore, it would be a long-standing necessity to increase grain production by fertilizer application. This would be particularly the case for China, with a population of 1.3 billion and being the largest grain producer and consumer in the world, the growth in fertilizer consumption is of great significance to ensure the country's food security.

In second half 2007 the Group will, in line with its strategic positioning of "marketing-services", dedicate to push forward the overall strategy of "centering on marketing and distribution and expanding into both upstream and downstream of the industry chain." We will continue to enhance the Group's market position as the largest fertilizer distributor and service provider in China, and strive to achieve leaping-forward growth in related business segments through merger and acquisitions. Aiming to turn the Company into the largest comprehensive service provider of agricultural inputs in China with a global lead, we will continue to bring higher returns to the shareholders, create wealth for society, and make more contributions to the nation's food security and agricultural development.

On behalf of the Board of Directors, I would also like to take this opportunity to extend our heartfelt appreciations to our shareholders and our customers, as well as the management and the employees. I hope to have the continued support from our shareholders and our customers, and that the management and employees will keep forging ahead and achieve ever better performances.

Liu De Shu
Chairman of the Board

Hong Kong, 27 August 2007

MANAGEMENT REVIEW AND PROSPECT

The first half of 2007 witnessed 11.5% economic growth in China. The Central Government and local government at various levels continued to aid the agricultural sector and the farmers with more preferential policies, leading to a sound growth of the farming industry and the rural economy. Harvests of summer grain crops continued to increase for the fourth consecutive year. The farmers' per capita cash income rose by 13.3% year on year, with the sale of farm product still being the single largest source of income for the farmers, which was about 42% of the total, and up by 17.3% year on year. This in turn had stimulated the farmers' willingness to increase input in agricultural production, and consequently boosting the farmers' demand for fertilizers and other agricultural inputs. Being the largest fertilizer enterprise in China, the Group will benefit from the sustainable development of the Chinese agriculture in the years to come.

However, in the first half of 2007 the Group was confronted with some new negative factors. A burst of incremental production capacity of nitrogen fertilizer coupled with 30% tariff imposed by the government to curb export had worsened the oversupply situation of the Chinese nitrogen market, and the falling prices of nitrogen fertilizer had created more complications and uncertainty for the Group's nitrogen business operations. In addition, international ocean freight surged to a record high, significantly pushing up the cost of imported fertilizers. Facing such circumstances, the management strove to be highly responsible for all the shareholders, and adopted proactive measures to overcome the difficulties under the guidance and support from the Board of Directors. Adhering to the strategy of "centering on marketing and distribution and expanding into both upstream and downstream of the industry chain", the Group was able to maintain sustained and rapid growth and achieved historical highs in business performance.

Financial Performance

For the six months ended 30 June 2007, turnover of the Group reached HK$14.34 billion, up by 39% year on year; net profit excluding the changes of HK$ 79 million in fair value of derivative component of convertible loan notes was HK$ 610 million, up by 31% year on year; and EPS increased to 10.49 HK cents, up by 31% year on year.

Product Operations

For the six months ended 30 June 2007, total sales volume of the Group reached 7.9 million tons, up by 29% year on year, which further enhanced the Group's market position as the largest fertilizer distributor and service provider in China.

Among this, potash business scored 2.92 million tons in sales, up by 33% year on year. The Group's leading position in the Chinese potash market continued to improve, with market share rising from 45% in 2006 to 54%. The relatively early conclusion of the 2007 annual potash contract negotiations had helped to eliminate potential uncertain factors affecting the Group's potash business, meanwhile the Group was able to bring into full play its advantages in strategic alliance with both international and domestic fertilizer suppliers as well as the advantage of its distribution network, and expanded market share by enlarging the customer base for both agricultural-use and industrial-use potash.

The sales volume of nitrogen fertilizers was 2.37 million tons, up by 31% year on year, and boosting the Group's market share up from 8% in 2006 to 10%. This was mainly attributable to the implementation of the Group's supply chain management strategy. Following strategic investment in Luxi Chemical and Hualu Hengsheng in 2006, in first half 2007 the Group made strategic investment in China XLX Fertilizer Ltd, which is a Singapore-listed company. Together with the expansion of the supply system including long-term contractors and regional suppliers, the Group's nitrogen fertilizer supply base was further enlarged.

Sales of phosphate and compound fertilizers amounted to 2.28 million tons, up by 32% year on year. This was mainly attributable to several factors, including rising prices, the advantage of integrated upstream and downstream operations of the phosphate and compound fertilizer business, as well as increased supplies from the upstream production enterprises. All this jointly enabled the growth in both scale and profit.

Upstream Production

In first half 2007, the Group had equity interest in seven fertilizer production enterprises, with total production capacity rising by 0.6 million tons to 3.63 million tons, representing an increase of 20%. For the six months ended 30 June 2007, these manufacturers supplied 1.52 million tons of fertilizers altogether to the Group, which rose by 23% year on year.

In first half 2007, production enterprises in which the Group had equity interest followed the guidance of "Recycling Economy", and made considerable progress in implementing "energy-saving and emission reduction." For example, Sinochem Fuling adopted the technique of "categorizing and repeatedly re-using" of water resource, which enabled the company to recover a large amount of phosphate resource from waste water. In addition, by utilizing the waste heat for power generation, the company was able to get an additional power supply of 50 million kwh per year, bringing in good economic returns.

Downstream Distribution

In first half 2007, the Group followed the preset development strategy and continued to strive for the strategic goal of building 2,000 distribution centers in 1,800 agricultural counties. The number of distribution centers increased to 1,531, or 156 newly added, covering 22 agricultural provinces and 80% of the country's arable land in China.

For the six months ended 30 June 2007, the sales volume made through the distribution network reached 4.96 million tons, up by 26% over the corresponding period of last year, showing that the quality and efficiency of the distribution network continued to improve.

The customer base, of which the majority is at township level, further expanded to more than 22,000. These customers have become the most important resource of the distribution centers, as well as a solid foundation for the distribution network to uplift its marketing abilities and to increase the market share.

Providing various services to end-users was further promoted as a long-term strategy of the Group. In first half 2007, the Group launched a series of activities for public welfare, including "soil survey services for model villages of scientific fertilizer application", and "movies for the farmers", which was a joint event with China Film Group Corporation, covering 100 counties with 10,000 movie shows. These activities had benefited over 3 million farmers, and were favorably reported and publicized by major Chinese media organizations, such as Xinhua News Agency, the People's Daily, CCTV, Central People's Radio Station, Economic Daily, Guangming Daily, and the Farmers' Daily. These public activities not only enhanced product sales and brand value, but also uplifted the image of the Group as a socially responsible company.

Internal Control and Management

The management of the Group has always attached top priority to the security of shareholders' assets value, and therefore taking the establishment and improvement of an advanced and standardized internal control and management system as the foundation for the Company's long-term, healthy development. In first half 2007, the internal control and risk management system was optimized according to COSO framework, including upgrading and expanding functions of SAP and Distribution Management System (DMS), in particular. After jointly setting up a Cash Management Platform (CMP) with Agricultural Bank of China in 2006, the Company signed strategic cooperation agreement with China UnionPay and put "Group Client Service System" at POS terminal into use, which can collect money all day round at outlets of Agricultural Bank, Post Deposit and Rural Credit Cooperatives, without restrictions of working time or holidays. This has greatly helped to strengthen the risk prevention and control mechanism of the distribution network, and meanwhile promoted the network to develop business in the vast rural areas.

Outlook

Though the Chinese government adopted a series of monetary and fiscal policies to prevent its fairly fast economic growth from overheating, its support to agriculture, the rural areas and the farmers was not impacted but even strengthened. Fiscal investment budget of the Central Government reached RMB391.7 billion, up by RMB52 billion over 2006, or an increase of 15.3%. Among it, subsidy directly to grain growers and comprehensive subsidies directly for agricultural inputs amounted to RMB42.7 billion, up by 63%. Such preferential policies would help to stimulate the demand for fertilizers to maintain the momentum of stable and sustained growth, therefore providing a favorable external environment for the Group's future development.

In second half 2007, the Group will continue to push forward the strategy of "centering on marketing and distribution and expanding into both downstream and upstream of the industry chain", and keep working hard to fulfill the goal of expanding the scale of distribution network by building distribution centers in 1,800 agricultural counties. The management will push forward the strategic task of acquiring the three fertilizer assets in which Sinochem Corporation has equity interest with an aim to uplift the Company's profitability and ability of sustainable development. We will continue to participate in industry re-organization, consolidate both the international and domestic multi-channel supply system, and improve product mix and marketing services so as to expand the business scale and profitability of the Company. All these efforts will jointly help to further improve the leading market position of the Group as China's largest fertilizer distributor and service provider. On such a basis, we will explore business opportunities of other related products, and ready ourselves to grasp such opportunities for leaping-forward growth. Our aim is to turn the Group into the largest comprehensive service provider of agricultural inputs in China with a global lead, and create higher value and returns for all the shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2007, sales volume of the Group reached 7.90 million tons, turnover was HK$14.34 billion, up by 28.51% and 39.17%, respectively, over the corresponding period of 2006.

For the six months ended 30 June 2007, gross profit of the Group reached HK$1,265 million, up by 50.85% year on year; net profit was HK$530 million, up by 13.98% year on year. Net profit excluding the changes in fair value of derivative component of the convertible loan notes reached HK$610 million, representing an increase of 30.99% over the corresponding period of 2006.

I. Operation Scale

1. Sales volume

For the six months ended 30 June 2007, sales volume of the Group reached 7.90 million tons, up by 28.51% over the corresponding period of 2006.

The 2007 annual potash contract negotiations were concluded in February, which enabled the Group's procurement and sales of potash progressed in a normal manner. During the reporting period, sales volume of imported fertilizers of the Group was 3.19 million tons, up by 29.53% over the same period of 2006. By enhancing supply chain management and expanding distribution network, the Group increased its sales of domestic fertilizers to 4.38 million tons, up by 34.11% year on year.

In terms of product structure, the sales of potash fertilizers increased by 33.49% year on year, the sales of nitrogen fertilizers increased by 30.80%, the sales of phosphate fertilizer increased by 75.47%, while sales of compound fertilizers grew slightly.

2. *Turnover*

For the six months ended 30 June 2007, turnover of the Group was HK$14.34 billion, up by HK$4.036 billion over the corresponding period of 2006, or an increase of 39.17%, which was higher than the 28.51% increase rate of sales volume. This was mainly due to the 8.29% increase of average selling price over the same period of last year.

Table 1:

	For the six months ended 30 June 2007		For the six months ended 30 June 2006	
	Turnover *HK$'000*	**As percentage of total turnover**	Turnover *HK$'000*	As percentage of total turnover
Potash fertilizers	**5,931,787**	**41.36%**	3,994,041	38.76%
Nitrogen fertilizers	**3,393,540**	**23.66%**	2,600,831	25.24%
Compound fertilizers	**2,176,299**	**15.18%**	1,973,100	19.14%
Phosphate fertilizers	**2,447,025**	**17.06%**	1,384,324	13.43%
Others	**393,409**	**2.74%**	353,411	3.43%
Total	**14,342,060**	**100.00%**	10,305,707	100%

II. Profit

1. *Gross profit and gross profit margin*

For the six months ended 30 June 2007, gross profit of the Group was HK$1,265 million, increasing by HK$427 million over the same period of 2006, up by 50.85%.

The Group adopted different strategies for different products: the potash business maintained a stable profit margin through solidifying and expanding both international and domestic supply channels and customer resources; and the gross margin of nitrogen business fell due to an intensified oversupply situation caused by new nitrogen capacity going into production and 30% export duty imposed on urea by the government to limit export quantity. As a result, urea prices fell, and profitability of the whole nitrogen industry decreased. The gross margin of phosphate and compound fertilizers increased thanks to rising prices both at home and abroad, as well as the effects of the Group's development strategy.

In general, for the six months ended 30 June 2007 gross profit margin of the Group was 8.82%, with profitability remaining stable.

2. *Share of results of jointly controlled entities*

For the six months ended 30 June 2007, the share of results of jointly controlled entities of the Group was HK$17 million, which was down by HK$5 million, or 24.35% from that of HK$22 million for the corresponding period of 2006. This was mainly caused by lowered profit contribution by the production enterprises, which was the result of increased cost of raw materials for phosphate and compound fertilizer production.

3. *Income tax expense*

For the six months ended 30 June 2007, income tax expense of the Group was HK$152 million, with taxation burden being 21.88%. The taxation burden excluding changes in fair value of derivative component of convertible loan notes was 19.64%. For the corresponding period of 2006, the taxation burden was 13.85%.

The subsidiaries of the Group are registered in China mainland, Macao and Hong Kong, respectively, where profit tax rates vary. Among them, the tax rate of China mainland is 33%; the Group's profit generated in Macao is exempted from profit tax; while the tax rate of Hong Kong is 17.5%. The Company paid tax according to the prevailing local tax law and regulations. The tax burden increased in the first half of 2007, which was caused by a price surge in the domestic market. This in turn drove up profit, and consequently lifting overall tax burden of the Group.

4. *Net profit and net profit margin*

For the six months ended 30 June 2007, the Group realized net profit of HK$530 million, up by HK$65 million, or an increase of 13.98% over that for the corresponding period of 2006. Net profit excluding the changes in fair value of derivative component of convertible loan notes was HK$610 million, up by HK$144 million, or an increase of 30.99% year on year. This was mainly attributable to an increase of gross profit margin and higher sales volume.

For the six months ended 30 June 2007, the net profit margin was 3.70%, net profit margin excluding the changes in fair value of derivative components of convertible loan notes was 4.25%.

III. Expenditures

Selling and distribution expenses for the six months ended 30 June 2007 was HK$254 million, up by 12.25% over that of HK$226 million for the corresponding period of 2006. It was mainly due to an increase in sales volume, which in turn proportionally increased logistical expenses in transportation and warehousing.

Administrative expense for the six months ended 30 June 2007 was HK$162 million, up by 125.19% from that of HK$72 million for the corresponding period of 2006. Excluding the effect of the "provision for impairment of inventories", administrative expense would have been up by HK$31 million, or an increase of 31.75% year on year. Higher administrative expense was mainly attributable to the expansion of the distribution network.

Finance cost for the six months ended 30 June 2007 was HK$121 million, up by 140.64% over that of HK$50 million for the corresponding period of 2006, which was mainly due to a 70% increase in procurement volume in response to expansion of business in 2007. The use of operating capital therefore increased proportionally. Meanwhile, during the reporting period the basic RMB loan interest rate went up by approximately one percentage point compared with the same period of 2006. In addition, during the reporting period interest payment incurred by the convertible loan notes was HK$41 million, while there was no such expense for the same period of 2006.

IV. Cash Flow

Cash inflow of the Group for the six months ended 30 June 2007 was HK$55 million, which includes:

- a net cash outflow of HK$356 million from business operations attributable to higher inventories;
- a net cash outflow of HK$291 million from investment activities, i.e., HK$97 million for property, plants and equipment purchase, HK$200 million for the available-for-sale investment and HK$6 million received from investment returns; and
- a net cash inflow of HK$702 million from financing activities attributable to increased bank loans.

V. Inventory Turnover

The inventory balance of the Group as at 30 June 2007 was HK$5,491 million, increasing by HK$1,126 million, or 25.81% from that of HK$4,365 million as at 31 December 2006. Due to faster turnover rate, inventory turnover day*(note)* decreased from 85 days in 2006 to 68 days in the first half of 2007, thus improving assets operating efficiency.

Note: Inventory turnover day for the six months ended 30 June 2007 was calculated on the basis of average inventory balance as at the end of the reporting period divided by cost of goods sold, and multiplied by 180 days.

Inventory turnover day in 2006 was 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 365 days.

VI. Trade and Bills Receivables Turnover

The balance of the Group's trade and bills receivables as at 30 June 2007 was HK$1,274 million, basically unchanged from that of HK$1,272 million as at 31 December 2006.

Trade and bills receivables turnover day*(note)* decreased from 18 days in 2006 to 16 days for the six months ended 30 June 2007.

Note: The figure for the six months ended 30 June 2007 was calculated on the basis of average trades and bills receivables balance as at the end of the reporting period divided by turnover, and multiplied by 180 days.

The figure for 2006 was calculated on the basis of average trades and bills receivables balance as at the end of the reporting period divided by turnover, and multiplied by 365 days.

VII. Available-for-Sale Investment

As at 30 June 2007, the balance of the Group's available-for-sale investment was HK$857 million, up by 195.08% over that of HK$290 million as at 31 December 2006, representing an increase of HK$567 million. This was mainly attributable to investment of HK$197 million in China XLX Fertilizer, Ltd, and fair value appreciation of HK$360 million in Shandong Luxi Chemical Co., Limited, Shandong Hualu Hengsheng Group Co., Limited and China XLX Fertilizer, Ltd.

VIII. Short- and Long-Term Loans

As at 30 June 2007, the balance of the Group's long-term loan was HK$439 million, up by 20.91% over that of HK$363 million as at 31 December 2006, representing an increase of HK$76 million. This was mainly caused by a long-term loan obtained and used for 0.2 million ton ammonium and 0.2 million ton urea project at Sinochem Chongqing Fuling Chemical Fertilizer Company Limited.

As at 30 June 2007, the balance of the Group's short-term loan was HK$805 million, up by 712.27% over that of HK$99 million as at 31 December 2006, representing an increase of HK$706 million. This was mainly caused by current capital obtained and used to enlarge business scale at Sinochem Chongqing Fuling Chemical Fertilizer Company Limited.

IX. Trade and Bills Payable

As at 30 June 2007, the balance of the Group's trade and bills payable was HK$2,331 million, up by 28.42% from that of HK$1,815 million as at 31 December 2006, representing an increase of HK$516 million. This was mainly attributable to increased payment for goods purchased along with business development.

X. Receipts in Advance and Other Payables

As at 30 June 2007, the balance of the Group's receipts in advance and other payables was HK$359 million, decreasing by 61.78% from that of HK$939 million as at 31 December 2006, representing a fall of HK$580 million. This was mainly attributable to the normal practice of building up inventories at the end of the year for sales in the coming spring season, therefore the amount of receipts in advance from the Group's customers was much more than that at the middle of the year.

XI. Convertible Bonds

The Company issued 130,000 zero-coupon convertible loan notes with face value of HK$10,000 each on 7 August 2006.

As at 30 June 2007, the notes with total face value of HK$5 million was converted into 1,336,898 ordinary shares of the Company at a conversion price of HK$3.74 per share. As at the reporting date, the total face value of outstanding loan notes was HK$1,295 million. According to related accounting standards, the Company appointed CB Richard Ellis Limited for an independent assessment on fair value of the outstanding loan notes. The loss arising from change in fair value of derivative component of the convertible loan notes and the finance cost amortized to the convertible loan notes was HK$79 million and HK$41 million, respectively, which were recorded in income statement of the reporting period.

XII. Other Financial Indicators

Earnings per share (EPS) for the six months ended 30 June 2007 was 9.13 HK cents; the EPS excluding changes in fair value of derivative component of convertible loan notes was 10.49 HK cents, up by 30.96% over the corresponding period of last year. Return on Equity (ROE) for the six months ended 30 June 2007 was 10.32%; the ROE excluding changes in fair value of derivative component of convertible loan notes was 11.86%, increasing by 1.55 percentage points year on year. This was mainly attributable to 30.99% increase in net profit over the corresponding period of 2006.

Table 2:

	For the Six Months Ended 30 June 2007	For the Six Months Ended 30 June 2006
Profitability		
EPS *(HK cents)* *(Note 1)*	**9.13**	8.01
EPS *(HK cents)* *(Note 2)*	**10.49**	8.01
Return on equity *(Note 3)*	**10.32%**	10.31%
Return on equity *(Note 4)*	**11.86%**	10.31%

Note 1: Calculated on the basis of net profit for the reporting period (excluding minority interest) divided by weighted average number of shares for the reporting period.

Note 2: Calculated on the basis of net profit for the reporting period (excluding minority interest and changes in fair value of derivative component of convertible loan notes) divided by weighted average number of shares for the reporting period.

Note 3: The figure for the six months ended 30 June 2007 was calculated on the basis of net profit for the reporting period (excluding minority interest) divided by total equity as at the end of the reporting period.

The figure for the six months ended 30 June 2006 was calculated on the basis of return on equity for 2006 divided by 2.

Note 4: The figure for the six months ended 30 June 2007 was calculated on the basis of net profit for the reporting period (excluding minority interest and changes in fair value of derivative component of convertible loan notes) divided by total equity as at the end of the reporting period.

The figure for the six months ended 30 June 2006 was calculated on the basis of return on equity for 2006 divided by 2.

XII. Other Financial Indicators (Cont'd)

As at 30 June 2007, the current ratio was 1.68, the debt-to-equity ratio was 46.71%, with sound solvency for both short-term and long-term loans.

Table 3:

	As at 30 June 2007	As at 31 December 2006
Solvency		
Current ratio *(Note 1)*	**1.68**	1.93
Debt-to-equity ratio *(Note 2)*	**46.71%**	37.03%

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

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

XIII. Liquidity and Financial Resources

The Group's principle financial source included cash generated from business operations, bank borrowings, and issue of new shares and loan notes. All the financial resources were primarily used for the Group's trading and distribution, production, repayment of liabilities as they fall due and for related capital expenditures.

As at 30 June 2007, cash and cash equivalents of the Group were HK$134 million, which was mainly dominated in RMB and US dollar.

Set out below is an analysis of long-term and short-term loans of the Group:

Table 4:

	As at 30 June 2007 ***HK$'000***	As at 31 December 2006 *HK$'000*
Secured	**24,630**	53,747
Guaranteed	**27,196**	19,906
Unsecured	**1,192,359**	388,617
Total	**1,244,185**	462,270

XIII. Liquidity and Financial Resources (Cont'd)

Table 5:

	As at 30 June 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Within one year	**805,104**	99,118
Within two to five years	**305,666**	363,152
More than five years	**133,415**	–
Total	**1,244,185**	462,270

The Group intended to meet its obligations for the above loans by using internal resources.

As at 30 June 2007, the Group had banking facilities of HK$10,489 million, including US$495 million, RMB6,448 million and HK$3 million as demoninated in respective currencies. The amount of banking facilities already used was HK$3,354 million, and that of unused was HK$7,135 million.

XIV. Operation and Financial Risks

The Group's operation risks include: uncertainties of the impact of Chinese government's reform policies on the fertilizer industry due to the lack of detailed provisions; price fluctuations of the fertilizer market; as well as uncertainties caused by potential delays in the annual potash contract negotiations.

The Group's financial risks include mainly exchange rate risk, credit risk and interest rate risk. The change in fair value of derivative component of the convertible loan notes may directly affect the profit of the Group.

XV. Contingent Liability

As at 30 June 2007, the Company provided approximately HK$3,030 million to guarantee common loans for its subsidiaries.

The Group had no material contingent liabilities.

XVI. Capital Commitment

Table 6:

	As at 30 June 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Assets under construction:		
Contracted but not provided for	**183,730**	187,404
Authorized but not contracted for	**21,179**	21,655
	204,909	209,059
Investment in a jointly controlled entity:		
Investment in Yunan Three-Circle Sinochem Fertilizer Company Limited	**143,678**	139,345
Total	**348,587**	348,404

XVII. Major Investment

As at 30 June 2007, the Group's major investment amounted to HK$97 million, which was mainly invested in projects under construction at Sinochem Fuling.

The Board of Directors (the "Directors") of Sinofert Holdings Limited (the "Company") announces that the unaudited consolidated income statement of the Company and its subsidiaries (the "Group") for the interim results ended 30 June 2007 together with the comparative figures for the same period ended 30 June 2006 and unaudited condensed consolidated balance sheet of the Group as at 30 June 2007 together with the audited comparative figures as at 31 December 2006 are as follows. The unaudited interim financial report of the Group for the six months ended 30 June 2007 has been reviewed by the Company's audit committee (the "Audit Committee") and the Company's auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditors, on the basis of their review which does not constitute an audit, concluded that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34. The auditors' independent review report will be included in the interim financial report to shareholders.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	Six months ended 30 June 2007 HK$'000 (unaudited)	30 June 2006 HK$'000 (unaudited)
Revenue		**14,342,060**	10,305,707
Cost of sales		**(13,076,611)**	(9,466,851)
Gross profit		**1,265,449**	838,856
Other income		**30,562**	42,255
Selling and distribution expenses		**(254,027)**	(226,299)
Administrative expenses		**(162,391)**	(72,114)
Changes in fair value of derivative financial instruments		**(79,179)**	–
Finance costs	*4*	**(121,469)**	(50,477)
Share of results of jointly controlled entities		**16,728**	22,111
Profit before taxation	*5*	**695,673**	554,332
Income tax expense	*6*	**(152,211)**	(76,802)
Profit for the period		**543,462**	477,530
Attributable to:			
– equity holders of the Company		**530,353**	465,318
– minority interests		**13,109**	12,212
		543,462	477,530
Dividends	*7*	**134,195**	116,740
Earnings per share			
Basic	*8*	**9.13 HK cents**	8.01 HK cents
Diluted		**9.11 HK cents**	8.01 HK cents

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2007

	Notes	**As at 30 June 2007** *HK$'000* **(unaudited)**	As at 31 December 2006 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment		**980,470**	900,986
Investment properties		**14,532**	14,532
Prepaid lease payments		**105,981**	106,766
Mining rights		**24,383**	23,648
Goodwill		**356,503**	356,503
Interests in jointly controlled entities		**388,398**	381,656
Available-for-sale investments		**856,976**	290,419
Deferred tax assets		**15,819**	9,422
		2,743,062	2,083,932
Current assets			
Inventories		**5,490,920**	4,364,565
Trade and bill receivables	*9*	**1,274,307**	1,272,357
Prepaid lease payments		**2,359**	2,233
Advance payments and other receivables		**1,455,757**	1,293,856
Amounts due from ultimate holding company		**–**	41,765
Bill discounted to banks		**2,493,605**	1,364,806
Pledged bank deposits		**10,959**	6,287
Bank balances and cash		**134,480**	79,274
		10,862,387	8,425,143

	Notes	30 June 2007 HK$'000 (unaudited)	31 December 2006 HK$'000 (audited)
Current liabilities			
Trade and bill payables	*10*	**2,331,105**	1,815,256
Receipts in advance and other payables		**358,924**	939,177
Dividend payable		**134,195**	–
Bank advances for discounted bills		**2,493,605**	1,366,647
Amounts due to ultimate holding company		**11,328**	–
Derivative financial liabilities		**163,912**	86,457
Taxation payable		**163,070**	47,791
Bank borrowings – due within one year		**805,104**	99,118
		6,461,243	4,354,446
Net current assets		**4,401,144**	4,070,697
Total assets less current liabilities		**7,144,206**	6,154,629
Non-current liabilities			
Bank borrowings – due after one year		**439,081**	363,152
Convertible loan notes		**1,256,854**	1,220,407
Deferred tax liabilities		**94,207**	27,099
		1,790,142	1,610,658
Net Assets		**5,354,064**	4,543,971
Capital and reserves			
Issued equity		**767,900**	767,766
Reserves		**4,370,445**	3,580,586
Equity attributable to equity holders of the Company		**5,138,345**	4,348,352
Minority interests		**215,719**	195,619
Total equity		**5,354,064**	4,543,971

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the six months ended 30 June 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34"), Interim Financial Reporting.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[2]
HK(IFRIC)-Int 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 March 2006
3 Effective for annual periods beginning on or after 1 May 2006
4 Effective for annual periods beginning on or after 1 June 2006
5 Effective for annual periods beginning on or after 1 November 2006

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but not yet effective. The directors of the Company are in the process of making an assessment of the impact of these standards or interpretations.

3. SEGMENT INFORMATION

The Group's primary format for reporting segment information is business segments.

For management purposes, the Group is currently organised into two main operating business:

Sourcing and distribution – sourcing and distribution of fertilisers and agricultural related products

Production – production and sales of fertilisers

Others – provision of rental services

Business segments

	Six months ended 30 June 2007				
	Sourcing and distribution *HK$'000*	**Production** *HK$'000*	**Others** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue					
External revenue	**13,240,156**	**1,101,904**	**–**	**–**	**14,342,060**
Inter-segment revenue *(Note)*	**63,220**	**292,815**	**–**	**(356,035)**	**–**
	13,303,376	**1,394,719**	**–**	**(356,035)**	**14,342,060**
Segment result	**838,403**	**51,615**	**–**	**–**	**890,018**
Unallocated corporate expenses					**(13,148)**
Interest income	**2,297**	**426**			**2,723**
Interest expenses on bank borrowings	**(52,923)**	**(27,406)**			**(80,329)**
Interest expense on convertible loan notes					**(41,140)**
Changes of fair value on derivatives financial instruments					**(79,179)**
Share of results of jointly controlled entities		**16,728**			**16,728**
Profit before taxation					**695,673**
Income tax expense					**(152,211)**
Profit for the period					**543,462**

Note: Inter-segment sales are charged at prevailing market rates.

3. SEGMENT INFORMATION (CONT'D)

	Six months ended 30 June 2006				
	Sourcing and distribution	Production	Others	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue					
External revenue	9,701,841	603,866	–	–	10,305,707
Inter-segment revenue *(Note)*	10,182	350,406	–	(360,588)	–
	9,712,023	954,272	–	(360,588)	10,305,707
Segment result	545,461	47,320	2,646	–	595,427
Unallocated corporate expenses					(14,253)
Interest income	997	345	182		1,524
Interest expenses on bank borrowings	(35,007)	(13,384)	(2,086)		(50,477)
Share of results of jointly controlled entities		22,111			22,111
Profit before taxation					554,332
Income tax expense					(76,802)
Profit for the period					477,530

Note: Inter-segment sales are charged at prevailing market rates.

4. FINANCE COSTS

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
Interest on bank borrowings		
– wholly repayable within five years	**(78,995)**	(48,391)
– not wholly repayable within five years	**(1,334)**	(2,086)
Interest on convertible loan notes	**(41,140)**	–
	(121,469)	(50,477)

5. PROFIT BEFORE TAXATION

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Amortisation of prepaid lease payments	**1,300**	448
Depreciation of property, plant and equipment	**45,404**	25,789

6. INCOME TAX EXPENSE

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**(6,342)**	(276)
Taxation in other jurisdictions	**(166,027)**	(79,449)
	(172,369)	(79,725)
Deferred Tax		
Change of tax rate	**(1,284)**	–
Deferred taxation credit	**21,442**	2,923
	(152,211)	(76,802)

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Certain subsidiaries of the Company were exempted from the PRC Enterprise Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. The tax benefit will expire in 2010.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

7. DIVIDEND PAID

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
Dividend recognised as distribution during the period:		
Final dividend of HK$0.0201 per share in respect of 2005	**–**	116,740
Final dividend of HK$0.0231 per share in respect of 2006	**134,195**	–

8. EARNINGS PER SHARE

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

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**530,353**	465,318
	'000 shares	*'000 shares*
Weighted average number of ordinary shares for the purposes of basic earnings per share	**5,808,127**	5,807,950
Effect of dilutive potential ordinary shares from the share options	**16,093**	4,622
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**5,824,220**	5,812,572

The computation of diluted earnings per share does not assume the conversion of the Company's outstanding convertible loan notes as these notes were anti-dilutive.

(b) In order to provide additional information on the Group's performance, the basic and diluted earning per share excluding the impact of changes of fair value on derivatives as follows:

	Six months ended	
	30 June 2007	30 June 2006
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**530,353**	465,318
Adjustment for:		
Changes in fair value of derivative component of convertible loan notes	**79,179**	–
Earnings excluding changes in fair value of derivatives component of convertible loan notes	**609,532**	465,318
Adjusted basic earnings per share	**10.49 cents**	8.01 cents
Adjusted diluted earnings per share	**10.47 cents**	8.01 cents

9. TRADE AND BILL RECEIVABLES

The Group allows a credit period of approximate 120 days. The aging analysis of trade and bill receivables at the reporting date is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
Within 90 days	**1,110,785**	1,264,883
Between 91-180 days	**149,841**	1,463
Between 181-365 days	**12,937**	5,113
Over 365 days	**744**	898
	1,274,307	1,272,357

10. TRADE AND BILL PAYABLES

The aging analysis of trade and bill payables at the reporting date is as follows:

	30 June 2007	31 December 2006
	HK$'000	*HK$'000*
Within 90 days	**2,299,796**	1,803,563
Between 91-180 days	**20,508**	1,427
Between 181 days-365 days	**5,782**	2,359
Over 365 days	**5,019**	7,907
	2,331,105	1,815,256

INTERIM DIVIDEND

The Board of Directors resolved not to declare any interim dividend for the six months ended 30 June 2007.

DIVIDEND POLICY

The Board of Directors decided that for a period of 3 to 5 years commencing from 2005, 15% to 25% of the distributable profit of the Company for the year shall be allocated for declaration of dividend. The Company did not declare dividend for the reporting period but would follow such dividend policy for the year.

REVIEWS BY AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") comprises three independent non-executive directors, namely, Mr. Tse Hau Yin, Aloysius, Dr. Tang Tin Sek and Mr. Ko Ming Tung, Edward, with Mr. Tse Hau Yin, Aloysius being the Chairman. The Audit Committee, together with the management has reviewed the interim report of the Group for the six months ended 30 June 2007 and the accounting principles and practices adopted by the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2007, the Company has complied with all the provisions set out in the Code on Corporate Governance Practices.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiries with all directors, and the directors have confirmed that they had complied with the required standards set out in the Model Code for the period from 1 January 2007 to 30 June 2007.

In addition, the Company has also formulated its own code of conduct for securities transactions by the employees of the Company and has required all the employees to comply with the required standards of the SFO and the Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTING SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the period from 1 January 2007 to 30 June 2007.

BOARD OF DIRECTORS

As at the date hereof, the Board of Directors of the Company comprises the following directors:

Non-executive directors:
Mr. Liu De Shu *(Chairman)*
Mr. Song Yu Qing *(Deputy Chairman)*
Dr. Chen Guo Gang
Dr. Stephen Francis Dowdle
Mr. Wade Fetzer III
Mr. Tse Hau Yin, Aloysius
(Independent non-executive director)
Mr. Ko Ming Tung, Edward
(Independent non-executive director)
Dr. Tang Tin Sek
(Independent non-executive director)

Executive directors:
Mr. Du Ke Ping *(Chief Executive Officer)*
Mr. Harry Yang

By Order of the Board
Du Ke Ping
Chief Executive Officer

Hong Kong, 27 August 2007

* *For identification purpose only*