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 2007

FINANCIAL HIGHLIGHTS

- Group Turnover reached HK$29,437 million, up by 39.34%
- Net profit increased 43.24% to HK$1,286 million before adjustment of change in fair value of derivative component of convertible loan notes
- Basic earnings per share rose by 38.68% to 21.44 HK cents before adjustment of change in fair value of derivative component of convertible loan notes
- Proposed final dividend to be 2.76 HK cents per share
- Number of distribution centres and sales outlets increased to 1,672 (2006: 1,375)
- The Group's fertilizer production capacity totalled to 7.85 million tons, up by 159% over the previous year

CHAIRMAN'S STATEMENT

Dear Shareholders:

I am delighted to present to you the results of the Sinofert Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for the twelve months ended 31 December 2007 for your review. I would also like to take this opportunity to express my heartfelt thanks to all the shareholders and friends from various circles who have interest in the Group.

For the twelve months ended 31 December 2007, the Group further carried forward the strategy of "centering on marketing and distribution, and expanding into both production and network distribution" with the support of all the shareholders. During the reporting period the Group realized a total sales volume of 15.16 million tons, up by 20.55% over the corresponding period of 2006; turnover reached HK$29,437 million, up by 39.34% year on year, and net profit before adjustment of the loss in fair value of the convertible bond derivatives, which has had no effect on the Group's cash flow, rose to HK$1,286 million, up by 43.24% year on year, and earnings per share (EPS) increased to 21.44 HK cents, up by 38.68% year on year. These results all hit new record highs. If the loss in fair value of the convertible bond derivatives, which has had no effect on the Group's cash flow, was deducted, net profit was HK$663 million, falling by 25.99% from the previous year.

In 2007 the Group successfully acquired the interest held by Sinochem Corporation in Qinghai Salt Lake Potash Co., Ltd, Tianji Sinochem Gaoping Chemical Industrial Co., Ltd, and in Sinochem Shandong Fertilizer Co., Ltd, and purchased 30% equity interest in Gansu Wengfu Chemical Co., Ltd, which is the largest phosphate fertilizer producer in northwest China. These acquisitions have further expanded the Company's fertilizer production capacity and broadened the base of domestic supply, and consequently uplifted the Company's asset quality and profitability. As at 31 December 2007, the total fertilizer production capacity of the enterprises in which the Group had equity interest had reached 7.85 million tons.

In 2007, the Group continued to push ahead the building of distribution network under the principle of "setting up sales centers at the county seat." As at 31 December 2007, the number of sales centers increased to 1,672, with their services substantially improved to better cater to the needs of end-users. Agrichemical service activities were carried out for public welfare in various forms all year round, which were well received by the farmers. As a result, the social responsibility of the Company naturally enhanced, and the brand image further uplifted among the public.

In consideration of the financial situation, cash flow, and the prospects for sustained business growth of the Company, the Board of Directors proposes a dividend payout of 2.76 HK cents per share for the financial year ended 31 December 2007, which is 19.48% higher than that for the previous year.

Working to maximize shareholders' value, the Board of Directors has constantly improved corporate governance to bring into place a highly effective, standardized and rational governance mechanism for scientific decision making. In compliance with the provisions set out in Appendix 14 "Code on Corporate Governance Practices" of the Rules Governing the Listing of Securities on the Stock Exchange", the Company held four regular meetings of the Board of Directors, at which the annual report, interim report, dividend policy, corporate development strategy and other issues were deliberated and decided. Meanwhile, at other meetings the Board of Directors also examined such important matters as strategic investing and connected transactions. The Audit Committee, Remuneration Committee and the Nomination Committee have also exercised their rights and fulfilled their obligations as entrusted by the Board of Directors in their respective work of enhancing internal control, optimizing remuneration and incentives and improving the governance structure of the Company.

Looking into the future, the Board of Directors believes that the Group is entering into a critical period for strategic development in the next few years. The rapidly growing Chinese economy will continue to create a favorable environment for the Company's development. In particular, under the background of increasing global grain supply pressure and rising grain prices, the Chinese government has continuously expanded its support to the agricultural sector. In 2008, capital expenses by the Chinese government on the agricultural sector will substantially increase over the previous year to RMB562.5 billion. Active agricultural policies as such provide incentives for the farmers to increase input in production, and help to boost agricultural growth and income of the farmers. At the same time, the growth of the Company is facing some new challenges, including rising cost of fertilizer production as a result of surging oil prices and other resources, as well as the risks of government policies regarding fertilizer export and price regulation in the domestic market. The Group will work harder to sharpen its cutting edge in integrated operations of production-trading-distribution, and strengthen meticulous management to overcome various risks. We have full confidence in achieving our goals.

In 2008, the Group will keep forging ahead along the strategy of "centering on marketing and distribution and expanding into both production and network distribution", enlarge our industrial base for improved product supply, and further expanding our network distribution capabilities. We are committed to fulfill our business goals set for the year 2008, create higher returns for the shareholders and wealth for society, and ultimately play a prominent role in safeguarding China's food security and agricultural growth.

On behalf of the directors, I would also like to take this opportunity to extend our heartfelt appreciations to our customers, the management and all the employees. We hope to have the continued support from our shareholders, and that the Sinofert Team will keep forging ahead and overcoming various difficulties to achieve ever better results.

Liu De Shu
Chairman of the Board

Hong Kong, 28 March 2008

MANAGEMENT REVIEW AND PROSPECT

The year of 2007 witnessed over 10% growth in the Chinese economy for five consecutive years. While tightening macro-economic control, the Chinese government continued to expand its support to the agricultural sector. Throughout the year the Central Government made capital expenses totaling RMB431.8 billion to support the rural areas, the farmers and the farming industry, which increased by 27% over the previous year. Consequently, grain output rose for four consecutive years to 500 million tons, and the net income per capita of the farmers was up by 9.5% after adjustment of inflation. The sustained agricultural growth has provided momentum to the development of the fertilizer industry, creating a favorable environment for the business of the Group. In addition, rising prices of both grains and fertilizers on the global markets also uplifted the prosperity of the Chinese fertilizer market, which featured brisk trading and steadily rising price.

Under such a background and with the correct leadership of the Board of Directors, the Group made further efforts in pushing forward the strategy of "centering on marketing and distribution and expanding into both production and network distribution", and adopted a series of measures to enlarge industrial base for increased product supply and to strengthen distribution capabilities. The Group also overcame such difficulties as rising fertilizer production cost caused by surging oil prices and increasing logistics cost due to soaring ocean freight, and achieved some strategic progresses and remarkable results.

Financial Highlights

In 2007 the Group's turnover rose to HK$29,437 million, up by 39.34% year on year; net profit before the adjustment of the loss in fair value of derivative component of convertible loan notes was HK$1,286 million, up by 43.24% year on year, and EPS reached 21.44 HK cents, up by 38.68% year on year. If the loss in fair value of derivative component of convertible loan notes was included, the Group's net profit was HK$663 million, which represented a decrease of 25.99% year on year.

Product Operations

In 2007 the Group's sale volume rose by 20.55% to 15.16 million tons, which further consolidated our market position as the largest fertilizer distributor and agrichemical service provider in China.

Among this, sales volume of potash fertilizers amounted to 5.69 million tons, up by 24.88% year on year, uplifting the Group's share in the Chinese potash market to 55% from that of 45% in 2006 and improving further the competitive strengths of the Group. Such a result was mainly attributable to the Group's strengths in its strategic alliances with international potash suppliers and in its matured distribution network, as well as to the early conclusion of the 2007 potash contract negotiations.

Sales volume of nitrogen fertilizers went up by 26.74% to 4.70 million tons, bringing the Group's share in the Chinese urea market up to 10% from that of 8% in 2006. This was mainly attributable to the implementation of the supply chain management strategy, which broadened the supply system composed of suppliers in which the Group has equity interest, suppliers with long-term contract and regional supplementary suppliers. In 2007 the Group made strategic investment in China XLX Fertilizer Co., Ltd, which is a listed company in Singapore, and further consolidated our alliances with nitrogen suppliers.

Sales volume of phosphate fertilizers and compound fertilizers was increased by 22.62% to 4.16 million tons. This was mainly attributable to the Group's enhanced strength in the integrated production and distribution strategy in the phosphate and compound fertilizer business sector, as well as enlarged alliance with other phosphate and compound fertilizer suppliers, which jointly expanded the Group's supply base.

In addition, the Group's sulphur export and distribution business had become an import player in the Chinese sulphur market thanks to the efforts made in the past few years in this aspect, which made a significant contribution to sulphur supply in the Chinese market and the growth of the Group's business results. Meanwhile, the Group's export business also made a rapid growth promoted by the continuous expansion of fertilizer production capacity in China and surging fertilizer prices in the international markets.

Fertilizer Production

In 2007 the Group successfully acquired the interest held by Sinochem Corporation in Salt Lake Potash Co., Ltd, Tianji Sinochem Gaoping Chemical Co., Ltd, and in Sinochem Shandong Fertilizer Co., Ltd, and in Gansu Wengfu Chemical Co., Ltd. These acquisitions brought the number of fertilizer production enterprise in which the Group had equity interest to eleven, boosting the Group's fertilizer production capacity to 7.85 million tons in total, which was 4.82 million tons more than that at the end of 2006. Today the Group has become one of the largest fertilizer producers in China.

In 2007, fertilizer production enterprises in which the Group had equity interest actively carried out the "energy saving and emission reduction" work and achieved satisfactory progress following the principle of "recycling economy." Sinochem Fuling Chemical Co., Ltd, in which the Group has a controlling interest, was capable of recovering phosphorous resource from waste water by the recycling use of water resource, and turning residual heat into power generation, therefore achieving both economical and social benefits.

Distribution Network

In 2007 the Group continued to fulfill its strategic goal of setting up 2,000 sales centers in 1,800 major Chinese agricultural counties, with 297 new sales centers added, making the total number of sales centers to 1,672 throughout the country. Now the Group's distribution network covers the major agricultural counties in 26 provinces, reaching 91% of China's total farming land.

In 2007 sales volume realized through the distribution network amounted to 9.79 million tons, up by 24.55% over that of 2006. The quality and efficiency of the distribution network were both improved. The Group's customer base featuring customers at the township level as a core further expanded, with total number of such customers rising to over 28,000. All this has further consolidated the foundation for the distribution network to enhance its service capabilities and market share.

The Group has made it a long term strategic program to provide various services to the farmers. In 2007 the Group carried out such activities for public welfare as "promoting formula fertilization through soil testing and setting up model villages for scientific fertilization" and "10,000 movie shows in 100 counties." These activities were favorably reported by Xinhua News Agency and other prominent media organizations. In 2007 the Group sponsored over 3,000 events to promote scientific fertilization among the farmers, and set up another 360 model villages for scientific fertilization, increasing the total number to 535 villages. All these activities not only promoted sales and the Company's brand value, but also uplifted the image of the Group as a socially responsible entity.

Internal Control and Management

The Group has always attached top priority to the security of shareholders' asset value, and made the setting up of an advanced and standardized internal control and management system as the core for the long-term and healthy growth of the Company. In 2007 the Company further improved its internal control and risk management system and strengthened its internal auditing work under the COSO framework. High vigilance was maintained on the work of risk management, production safety and environmental protection. As a result, there were no significant risk or safety accidents in 2007.

Furthermore, the Group specifically improved its internal control system for the distribution network, and consolidated the vertical management of inventory and cash flow related to the distribution network. Meanwhile, the project of standardizing the building and operations of the distribution network was initiated to safeguard the operation safety of the distribution network.

Strategic Planning

In 2007, on the basis of a thorough analysis of the trend of global fertilizer industry development, the Group successfully carried out the yearly revision work of the Three-Year (2008-2010) Strategic Development Plan.

According to the Plan, the Group will continue to push forward the strategy of "centering on marketing and distribution and expanding into both production and network distribution", and further enlarge its production scale, distribution system and logistics capabilities so as to achieve greater profit contributions by the production sector, more value-added of the distribution network and the strategic value of the logistics system.

Outlook

In 2008 the Chinese government is expected to further increase its support to the development of the rural areas, the farmers and the agricultural sector, with ear-marked capital expenses in these areas to reach RMB562.5 billion, which is an increase of 30.3% over the previous year. Such incentive policies will boost the steady increase in the demand for fertilizers and other agricultural inputs, therefore creating a favorable environment for the development of the Group. However, the growth of the Group is also facing the challenges of rising cost of fertilizer production caused by oil price hikes and the risks resulted in government policies regulating fertilizer export and the domestic fertilizer market.

Under the leadership of the Board of Directors, the Group will always be committed to maximize shareholders' value, and keep forging ahead along the strategy of "centering on marketing and distribution and expanding into both production and network distribution." We will work harder to enlarge the industrial base, uplift the scale and quality of the distribution network, improve the strategic value of the logistics system, and bring into full play of the integrated business model of the Group. In summary, the Group is committed to fulfill its various business goals through the implementation of its product strategy and internal control mechanism, as well as carrying out meticulous management so as to bring about higher returns for the shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the twelve months ended 31 December 2007, sales volume of the Group reached 15.16 million ton, turnover was HK$29,437 million, representing an increase of 20.55% and 39.34%, respectively, over the corresponding period of 2006.

For the twelve months ended 31 December 2007, gross profit of the Group reached HK$2,769 million, representing an increase of 62.20%, while net profit was HK$663 million, falling 25.99% over the corresponding period of 2006. If the loss in fair value of derivative component of the convertible loan notes was not included, net profit was HK$1,286 million, which represented a year-on-year increase of 43.24%.

I. Operation Scale

1. Sales volume

For the twelve months ended 31 December 2007, sales volume of the Group reached 15.16 million ton, up by 20.55% over the corresponding period of 2006. Among which, sales of imported fertilizers was 5.95 million ton and domestic fertilizers was 8.61 million ton, up by 12.26% and 35.26% respectively as compared with the same period of last year.

In terms of product structure, sales of potash recorded a 24.88% year-on-year increase, further strengthening its market leading position; sales of nitrogen fertilizers was up 26.74%, the market influence of which was therefore enhanced. In line with market change, the Group had achieved successful breakthrough by leveraging on the MAP project while at the same time vigorously expanded the export of phosphate fertilizers in view of the shortage of supply in the international market, thereby pushing up the sales of phosphate fertilizers by 51.64% year on year. The sales of compound fertilizers remained basically the same as that of last year.

2. Turnover

For the twelve months ended 31 December 2007, turnover of the Group reached HK$29,437 million, up by HK$8,310 million over the corresponding period of 2006, rising 39.34%, which was higher than the 20.55% increase rate of sales volume. This was mainly attributable to the surge of prices in fertilizers market. The Group's average selling price was 15.58% higher as compared with the same period of last year.

Table 1:

	For the Twelve Months Ended 31 December			
	2007		2006	
	Turnover *HK$'000*	**As percentage of total turnover**	Turnover *HK$'000*	As percentage of total turnover
Potash fertilizers	**12,335,139**	**41.90%**	8,545,679	40.45%
Nitrogen fertilizers	**7,149,811**	**24.30%**	5,156,519	24.41%
Compound fertilizers	**4,082,587**	**13.87%**	3,889,163	18.41%
Phosphate fertilizers	**4,749,334**	**16.13%**	2,813,010	13.31%
Others	**1,119,963**	**3.80%**	722,200	3.42%
Total	**29,436,834**	**100.00%**	21,126,571	100.00%

II. Profit

1. Gross profit and gross profit margin

For the twelve months ended 31 December 2007, gross profit of the Group was HK$2,769 million, representing an increase of HK$1,062 million or 62.20% as compared with 2006.

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;

- Nitrogen fertilizers were generally subject to greater price volatility in the PRC market. The gross profit margin of nitrogen fertilizers slightly decreased by 0.96 percentage point in 2007 as compared with last year, but the Group maintained a relative stable profitability level on nitrogen fertilizers. Between 2005 and 2007, its gross profit margin was between 4% and 5%;

- In 2007, the price of phosphate fertilizers surged both at home and abroad, leading to a shortage supply of phosphate fertilizers. However, thanks to the Group's strategy of "centering on marketing and distribution and expanding into both production and nework distribution", the gross profit margin of phosphate fertilizers increased significantly as compared with last year.

Overall, the Group's gross profit margin was 9.41% in 2007 and profitability remained stable.

2. Share of results of jointly controlled entities

For the twelve months ended 31 December 2007, the share of results of jointly controlled entities of the Group was HK$56 million, which was mainly from Hubei Dongfang, Sinochem Kailin, Yunan Three Circle-Sinochem-Cargill and Gansu Wengfu. This figure was up by HK$15 million or 36.22% from that of HK$41 million for the corresponding period of 2006. This was mainly the result of stringent supply of phosphate fertilizers and higher prices in the international market, leading to the increase in industrial average profitability and greater contribution to the listed company.

3. Income tax expense

For the twelve months ended 31 December 2007, income tax expense of the Group was HK$325 million, and the taxation burden was 32.15%. Taxation burden excluding the change in fair value of derivative component of convertible loan notes was 19.88%, as compared to 9.88% in 2006.

The subsidiaries of the Group were 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 derived from Macao is exempted from profit tax, while Hong Kong profit tax rate is 17.5%. The Company strictly abides by the taxation laws of the three jurisdictions and pays taxes accordingly. The increase in taxation burden in 2007 was mainly caused by a price surge in the domestic market and expansion of the Group's domestic fertilizer operation, thus resulting in greater domestic profit and increased in taxation burden.

4. Net profit and net profit margin

For the twelve months ended 31 December 2007, the Group realized net profit of HK$663 million, down by 25.99% or HK$233 million from that for the corresponding period of 2006. Net profit excluding the change in fair value of derivative component of convertible loan notes was HK$1,286 million, representing an increase of HK$388 million or 43.24% as compared with the corresponding period of last year. This was mainly attributable to an enlarged sales volume of 20.55%. The gross profit margin was up by 1.33 percentage points over that of 2006 and meanwhile the allowance for the loss in fair value of convertible bond derivatives reduced the annual net profit by HK$623 million.

In 2007, the net profit margin was 2.25%, net profit margin excluding the change in fair value of derivative component of convertible loan notes was 4.37%, still maintaining a stable profitability level of 4-5%.

III. Expenditures

Selling and distribution expenses for the twelve months ended 31 December 2007 was HK$585 million, up by HK$50 million or 9.30% over that of HK$535 million for the corresponding period of 2006. It was mainly attributed to the increase in sales volume which incurred proportionally higher expenses in logistics such as transportation and warehousing.

Administrative expense for the twelve months ended 31 December 2007 was HK$268 million, up by HK$81 million or 43.26% from that of HK$187 million for the corresponding period of 2006. It was mainly due to an increase in staff expenses and rental expenses as a result of expansion of distribution network.

Finance cost for the twelve months ended 31 December 2007 was HK$269 million, up by HK$140 million or 109.02% over that of HK$129 million for the corresponding period of 2006, which was mainly due to greater demand on capital caused by a 20.55% increase in operation scale. Meanwhile, in terms of borrowing interest rate in 2007 as compared with 2006, Renminbi benchmark lending rate has increased approximately 1.35 percentage points, leading to higher finance cost. On the other hand, interest expense for convertible bonds in 2007 was HK$76 million, increasing by HK$43 million as compared with 2006 year on year.

IV. Cash Flow

Cash inflow of the Group for the twelve months ended 31 December 2007 was HK$29 million, which includes:

1. a cash outflow of HK$723 million to operating activities owing to greater capital occupation caused by higher inventories;

2. a cash outflow of HK$2,871 million to investment activities, i.e., HK$2,242 million for acquisition of fertilizers assets from parent company, HK$328 million for property, plants and equipment purchase, HK$198 million for available-for-sale investment, HK$167 million for investment in an associated company, HK$23 million from dividend received, HK$35 million from interest received, etc;

3. a cash inflow of HK$3,623 million from financing activities, i.e., net proceeds of HK$2,322 million received from share issue, HK$1,379 million from bank borrowing, HK$882 million from bank discount note, HK$626 million from settlement on conversion of convertible bonds, HK$209 million in interest paid, HK$134 million in dividend payout, etc.

V. Inventory Turnover

The inventory balance of the Group as at 31 December 2007 was HK$6,943 million, increasing by HK$2,578 or 59.08% from HK$4,365 million as at 31 December 2006, mainly due to increased unit inventory cost.

Due to faster turnover rate, inventory turnover day[(note)] decreased from 85 days in 2006 to 76 days in 2007, thus improving assets operating efficiency.

In terms of inventory structure, potash inventory accounted for 53.50% of our total inventory. Since potash fertilizer is a core commodity of the Group and the PRC is in lack of potash resource, therefore maintaining a higher inventory level of potash fertilizers is crucial both in respect of guaranteeing domestic supply of potash fertilizers and the profitability of the Group.

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 Receivable

The balance of the Group's trade and bills receivable as at 31 December 2007 was HK$1,223 million, representing a slight decrease from that of HK$1,272 million as at 31 December 2006.

As a result of operation expansion, trade and bills receivable turnover day*(note)* decreased from 18 days in 2006 to 15 days in 2007.

Note: 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 360 days.

VII. Interests in Jointly Controlled Entities

As at 31 December 2007, the balance of the Group's interests in jointly controlled entities was HK$617 million, increasing by 61.78% over that of HK$382 million as at 31 December 2006. This was mainly caused by:

1. further investment of HK$150 million in Yunan Three-Circle Sinochem Fertilizer Company Limited;

2. an investment of HK$24 million in Gansu Wengfu Chemical Co., Ltd.;

3. an increase of HK$59 million of interests arising from using the equity method of accounting, and

4. a dividend payment of HK$23 million received from investment in Yunan Three Circle-Sinochem-Cargill.

VIII. Available-for-Sale Investments

As at 31 December 2007, the balance of the Group's available-for-sale investments was HK$1,258 million, while the figure as at 31 December 2006 was HK$290 million. The increase of HK$968 million or 333.16% was mainly attributable to:

1. the Group's acquisition of equity interest in China XLX Fertilizer Ltd ("China XLX") which represented 4.99% of its total equity upon issue at a consideration of HK$197 million in June 2007;

2. share appreciation of HK$751 million as a result of the revaluation of shares held by the Group as at 31 December 2007 in listed companies including China XLX, Luxi Chemical, Hualu Hengsheng based on fair value (with reference to listed market prices, discount rate within lock-up period) and number of shares held by the Group on 31 December 2007.

IX. Prepayments to Ultimate Controlling Shareholder

As at 31 December 2007, the balance of the Group's prepayments to ultimate controlling shareholder was HK$2,242 million, representing the 30% deposit of the consideration for acquisition of equity interests of the three fertilizer assets from Sinochem Corporation, the parent company, in accordance with the relevant acquisition agreements. No such amount was incurred in 2006.

X. Prepayments and Other Receivable

As at 31 December 2007, the balance of the Group's prepayments and other receivable was HK$1,902 million, up by HK$608 million or 47.02% over that of HK$1,294 million as at 31 December 2006. This was mainly due to the increased purchase of goods which had not been delivered as at 31 December 2007.

XI. Long and Short-Term Loans

As at 31 December 2007, the balance of the Group's long-term loans was HK$606 million, up by HK$243 million or 66.88% over that of HK$363 million as at 31 December 2006. This was mainly caused by Sinochem Fuling's 2020 (0.2 million ton ammonium and 0.2 million ton urea) expansion project.

As at 31 December 2007, the balance of short-term loans was HK$1,311 million, up by HK$1,212 million as compared with HK$99 million as at 31 December 2006. This was mainly the result of issuance of HK$1,300 million convertible bonds by the Group in 2006 for the use as development fertilizer production business, expansion of distribution network and general working capital and repayment of bank loans. In 2007, such proceeds were used for the acquisition of three fertilizer assets from the parent company, working capital was thus financed by bank loans.

XII. Trade and Bills Payables

As at 31 December 2007, the balance of the Group's trade and bills payables was HK$2,118 million, increasing by HK$303 million from that of HK$1,815 million as at 31 December 2006. This was mainly due to expansion of operation and corresponding increase in purchasing volume.

XIII. Receipts in Advance and Other Payables

As at 31 December 2007, the balance of the Group's receipts in advance and other payables was HK$1,881 million, increasing by HK$942 million or 100.36% over that of HK$939 million as at 31 December 2006. This was mainly attributable to an increase in receipts in advance by Sinochem Fertilizer Co. Ltd and Sinochem Fuling from the customers.

XIV. Convertible Loan Notes

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

As at 31 December 2007, the notes with total face value of HK391 million were exercised, of which, HK$10 million was converted into 2,673,796 ordinary shares of the Company; HK$381 million was settled in cash, amounting to approximately HK$626 million in cash. As at the end of 2007, the total face value of outstanding loan notes was HK$909 million.

According to related accounting standards in Hong Kong, the Company appointed CB Richard Ellis Limited for an independent assessment on fair value of the outstanding loan notes. The loss arising from conversion of convertible 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$203 million, HK$623 million and HK$76 million, respectively, which were recorded in income statement of the reporting period.

XV. Other Financial Indicators

Earnings per share (EPS) for the twelve months ended 31 December 2007 was 11.06 HK cents. EPS excluding the change in fair value of derivative component of convertible loan notes was 21.44 HK cents, increasing by 38.68% over the corresponding period of 2006. Return on equity (ROE) for 2007 was 8.3%. ROE excluding the change in fair value of derivative component of convertible loan notes was 16.11%, down by 4.55 percentage points as compared with the same period of 2006. This was mainly attributable to increase in profit, increase in capital and issue of shares, appreciation of available-for-sale investment and growth in net assets by 83.68% as compared with the same period of last year.

Table 2:

	2007	2006
Profitability		
EPS (HK cents) *(Note 1)*	**11.06**	15.43
EPS (HK cents) *(Note 2)*	**21.44**	15.46
Return on Equity *(Note 3)*	**8.3%**	20.61%
Return on Equity *(Note 4)*	**16.11%**	20.65%

Note 1: Calculated on the basis of net profit for the reporting period (excluding minority interests) 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 interests, change in fair value of derivative component of convertible loan notes) divided by weighted average number of shares for the reporting period.

Note 3: Calculated on the basis of net profit for the reporting period (excluding minority interests) divided by total equity as at the end of the reporting period (excluding minority interests).

Note 4: Calculated on the basis of net profit for the reporting period (excluding minority interests, change in fair value of derivative component of convertible loan notes) divided by total equity as at the end of the reporting period (excluding minority interests).

At the end of 2007, current ratio was 1.49, short-term liquidity decreased; debt-to-equity ratio was 34.41%, long-term liquidity increased. Long-term liquidity remained at a stable and healthy liability level.

Table 3:

	2007	2006
Solvency		
Current ratio *(Note 1)*	**1.49**	1.93
Debt-to-equity ratio *(Note 2)*	**34.41%**	37.03%

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

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

XVI. Liquidity and Financial Resources

The Group's principal sources of financing included cash generated from operations, bank borrowings 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 as they fall due and for related capital expenditures.

As at 31 December 2007, cash and cash equivalents of the Group were HK$122 million, which was mainly denominated 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 31 December 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Secured	**99,317**	53,747
Guaranteed	**21,924**	19,906
Unsecured	**1,795,531**	388,617
Total	**1,916,772**	462,270

Table 5:

	As at 31 December 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Within one year	**1,310,728**	99,118
Within 2-5 years	**520,611**	363,152
Over 5 years	**85,433**	–
Total	**1,916,772**	462,270

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

As at 31 December 2007, the Group had banking facilities of HK$11,675 million, including US$495 million, RMB7,316 million, and HK$1.1 million, dominated in respective currencies. The amount of banking facilities already used was US$326 million, RMB1,713 million and HK$1.1 million, and that of unused was US$169 million and RMB5,603 million.

XVII. Operation and Financial Risks

The Group's major operation risks include: uncertainties of the upcoming controlling measures despite the announced Chinese government's policies on the fertilizer industry; uncertainties of its impact on the fertilizer industry; price fluctuations of the fertilizer market; as well as uncertainties caused by government influence as shown in the potash contract negotiations.

The Group's financial risks include market risks (currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

XVIII. Contingent Liabilities

As at 31 December 2007, the Company issued a guarantee in favour of a bank in the amount of HK$3,929 million in return for the bank's granting of general banking facilities to certain subsidiaries of the Company.

The Group had no material contingent liabilities.

XIX. Capital Commitment

Table 6:

	As at 31 December 2007 *HK$'000*	As at 31 December 2006 *HK$'000*
Assets under construction		
Contracted but not provided for	**505,126**	187,404
Authorized but not contracted for	**473,292**	21,655
Sub-total	**978,418**	209,059
Investment in jointly-controlled entities		
Investment in Yunnan Three-Circle Sinochem	**–**	139,345
Acquisition of Qinghai Salt Lake Potash Co. Ltd, Sinochem Shandong, and Tianji Sinochem	**5,236,096**	–
Total	**6,214,514**	348,404

XX. Major Investments

As at 31 December 2007, the Group's major investments amounted to HK$2,793 million, among which:

1. HK$2,242 million was used for 30% deposit of consideration for acquisition of equity interests in three fertilizer assets from Sinochem Corporation, the parent company;

2. HK$197 million was used for acquisition of equity interests in China XLX;

3. HK$181 million was used for investment in Sinochem Fuling;

4. HK$150 million was used for investment in Yunnan Three-Circle Sinochem Fertilizer Company Limited;

5. HK$24 million was used for acquisition of 30% equity interests in Gansu Wengfu.

The board of directors ("Board") of Sinofert Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007, together with the comparative figures for the last year, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	2	**29,436,834**	21,126,571
Cost of sales		**(26,667,629)**	(19,419,304)
Gross profit		**2,769,205**	1,707,267
Other income	3	**143,545**	126,407
Distribution and selling expenses		**(585,010)**	(535,249)
Administrative expenses		**(268,278)**	(187,268)
Other expense		**(9,769)**	(17,732)
Changes in fair value of derivatives		**(623,185)**	(1,865)
Loss on settlement of convertible loan notes		**(203,311)**	–
Share of results of jointly controlled entities		**55,899**	41,037
Finance costs		**(268,849)**	(128,624)
Profit before tax		**1,010,247**	1,003,973
Income tax expense	5	**(324,777)**	(99,191)
Profit for the year	4	**685,470**	904,782
Attributable to			
Equity holders of the Company		**663,306**	896,246
Minority interests		**22,164**	8,536
		685,470	904,782
Dividends	6		
– Proposed		**192,875**	134,437
– Paid		**134,195**	116,740
Earnings per share	7		
– Basic		**11.06 HK cents**	15.43 HK cents
– Diluted		**11.02 HK cents**	15.41 HK cents

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current Assets			
Investment properties		**15,582**	14,532
Property, plant and equipment		**1,081,277**	900,986
Prepaid lease payments		**108,867**	106,766
Mining right		**25,372**	23,648
Interests in jointly controlled entities		**617,437**	381,656
Available-for-sale investments		**1,257,969**	290,419
Advance payment to ultimate holding company		**2,242,369**	–
Advance payment for acquisition of property, plant and equipment		**142,533**	–
Goodwill		**356,503**	356,503
Deferred taxation assets		**9,121**	9,422
		5,857,030	2,083,932
Current Assets			
Inventories		**6,943,248**	4,364,565
Prepaid lease payments		**2,362**	2,233
Trade and bills receivables	*8*	**1,222,977**	1,272,357
Advance payments and other receivables		**1,902,221**	1,293,856
Amount due from ultimate holding company		**8,104**	41,765
Bills discounted to banks		**2,249,083**	1,364,806
Pledge bank deposits		**7,996**	6,287
Bank balances and cash		**114,012**	79,274
		12,450,003	8,425,143
Current Liabilities			
Trade and bills payable	*9*	**2,117,647**	1,815,256
Receipts in advance and other payable		**1,881,728**	939,177
Bank advances from discounted bills		**2,249,083**	1,366,647
Derivative financial liabilities		**657,357**	86,457
Taxation payable		**152,651**	47,791
Borrowings		**1,310,728**	99,118
		8,369,194	4,354,446
Net Current Assets		**4,080,809**	4,070,697
Total Assets less Current Liabilities		**9,937,839**	6,154,629

	Notes	2007 HK$'000	2006 HK$'000
Capital and Reserves			
Issued equity		**3,103,551**	767,766
Reserves		**4,883,594**	3,580,586
Equity attributable to shareholders of the Company		**7,987,145**	4,348,352
Minority interests		**233,043**	195,619
Total Equity		**8,220,188**	4,543,971
Non-current Liabilities			
Convertible loan notes		**911,580**	1,220,407
Borrowings		**606,044**	363,152
Deferred income		**9,396**	–
Deferred taxation liabilities		**190,631**	27,099
		1,717,651	1,610,658
		9,937,839	6,154,629

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, 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 1 January 2007.

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

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 3 (Revised)	Business Combination[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arranagements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The directors of the Company are in the process of making an assessment of the impact of these standards or interpretations.

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management reporting purposes, the Group is currently organised into two main operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal operating divisions and their activities are:

Sourcing and distribution	– sourcing and distribution of fertilisers and agricultural related products
Production	– production and sale of fertilizers

Segment information about these business is as follows:

(a) Business segments

2007

	Sourcing and distribution *HK$'000*	Production *HK$'000*	Eliminated *HK$'000*	Total *HK$'000*
TURNOVER				
External sales	**27,428,932**	**2,007,902**	**–**	**29,436,834**
Inter-segment sales	**193,890**	**689,497**	**(883,387)**	**–**
Total	**27,622,822**	**2,697,399**	**(883,387)**	**29,436,834**

Inter-segment sales are charged at prevailing market rates.

	Sourcing and distribution *HK$'000*	Production *HK$'000*	Eliminated *HK$'000*	Total *HK$'000*
RESULTS				
Segment results	**1,937,054**	**11,236**		**1,948,290**
Unallocated corporate incomes				**127,955**
Unallocated corporate expense				**(26,552)**
Loss on settlement of convertible loan notes				**(203,311)**
Fair value change on derivative financial instruments				**(623,185)**
Share of results of jointly controlled entities		**55,899**		**55,899**
Finance costs				**(268,849)**
Profit before tax				**1,010,247**
Income tax expense				**(324,777)**
Profit for the year				**685,470**

	Sourcing and distribution *HK$'000*	Production *HK$'000*	Total *HK$'000*
ASSETS			
Segment assets	**11,817,325**	**2,943,000**	**14,760,325**
Interests in jointly controlled entities		**617,437**	**617,437**
Unallocated corporate assets			**2,929,271**
Consolidated total assets			**18,307,033**
LIABILITIES			
Segment liabilities	**3,845,398**	**2,400,772**	**6,246,170**
Unallocated corporate liabilities			**3,840,675**
Consolidated total liabilities			**10,086,845**
OTHER INFORMATION			
Capital expenditure	**7,328**	**194,311**	**201,639**
Depreciation and amortisation	**7,197**	**73,372**	**80,569**

2006

	Sourcing and distribution *HK$'000*	Production *HK$'000*	Others *HK$'000*	Eliminated *HK$'000*	Total *HK$'000*
TURNOVER					
External sales	19,858,824	1,267,747	–	–	21,126,571
Inter-segment sales	83,567	606,336	–	(689,903)	–
Total	19,942,391	1,874,083	–	(689,903)	21,126,571

Inter-segment sales are charged at prevailing market rates.

	Sourcing and distribution *HK$'000*	Production *HK$'000*	Others *HK$'000*	Eliminated *HK$'000*	Total *HK$'000*
RESULTS					
Segment results	1,043,148	38,190	3,080		1,084,418
Unallocated corporate incomes					20,773
Unallocated corporate expense					(54,538)
Increase in fair value of investment properties			17,306		17,306
Gain on disposal of investment properties			25,466		25,466
Fair value change on derivative financial instruments					(1,865)
Share of results of jointly controlled entities		41,037			41,037
Finance costs					(128,624)
Profit before tax					1,003,973
Income tax expense					(99,191)
Profit for the year					904,782

	Sourcing and distribution *HK$'000*	Production *HK$'000*	Others *HK$'000*	Total *HK$'000*
ASSETS				
Segment assets	8,235,368	1,575,922	10,072	9,821,362
Interests in jointly controlled entities		381,656		381,656
Unallocated corporate assets				306,057
Consolidated total assets				10,509,075
LIABILITIES				
Segment liabilities	2,069,329	677,923	13,181	2,754,433
Unallocated corporate liabilities				3,210,671
Consolidated total liabilities				5,965,104
OTHER INFORMATION				
Capital expenditure	3,314	291,009	5,949	300,272
Depreciation and amortisation	5,013	61,555	1,220	67,788

(b) Geographical segments

In respect of geographical segments, turnover and segment results are based on the country in which the customers are located. No geographical analysis is provided as less than 10% of the Group's turnover and results are attributable to markets outside the PRC.

Total assets and capital expenditure are where the assets are located. No geographical analysis is provided as less than 10% of the Group's assets and capital expenditure located outside the PRC.

3. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Rental income	**2,076**	12,560
Dividend income from unlisted investments	**7,252**	581
Interest income from bank deposits	**34,841**	20,192
Government grants *(Note)*	**71,666**	13,749
Gain on disposal of investment properties	**–**	25,466
Increase in fair value of investment properties	**–**	17,306
Exchange gain	**2,736**	1,374
Gain on disposal of trading securities	**–**	9,517
Compensation received	**7,446**	12,832
Sales from scrapped materials	**8,144**	5,543
Others	**9,384**	7,287
	143,545	126,407

Note: In 2007 this mainly represents the income tax refund in respect of using dividends to reinvest in the entity in the PRC by foreign investor in accordance with the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises.

In 2006 this represents government grants received by the Group in accordance with CaiQi 2004 No. 35 document, pursuant to which companies in the PRC engaging in the production and import of a particular phosphate-based fertilizer are entitled to government subsidy at RMB100 per ton.

4. PROFIT FOR THE YEAR

	2007	2006
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting)		
Depreciation of property, plant and equipment	**80,569**	67,788
Release of prepaid lease payment	**2,329**	995
Auditors' remuneration	**4,432**	5,949
Directors' emoluments	**10,110**	6,141
Staff benefits *(Note)*	**236,956**	127,618
Total employee benefits expenses	**247,066**	133,759
Minimum lease payments under operating lease in respect of properties	**23,775**	14,959
Direct operating expenses arising from investment properties that generate rental income	**400**	5,031
(Reversal of provision for impairment) provision for impairment of receivables	**(99)**	429
Loss on disposal of property, plant and equipment	**3,251**	261
Loss on disposal of subsidiary	**–**	3,473
Loss on disposal of land use right	**2,045**	–
Write-back of provision for inventories	**(8,970)**	(28,260)

Note: Included in staff benefits are share-based payments and contribution to retirement benefits scheme for the year of HK$4,054,000 (2006: HK$3,137,000) and HK$18,885,000 (2006: HK$7,427,000) respectively.

5. INCOME TAX EXPENSE

	2007	2006
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**(20,119)**	(1,640)
PRC enterprise income tax	**(322,401)**	(100,769)
	(342,520)	(102,409)
Deferred taxation		
Current year	**14,927**	3,218
Attributable to a change in tax rate	**2,816**	–
Taxation attributable to the Company and its subsidiaries	**(324,777)**	(99,191)

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

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at the applicable rate of income tax of 33% (2006: 33%).

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations 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.

Sinochem Chongqing Fuling Chemical Fertilizer Company ("Sinochem Fuling"), a 60% owned subsidiary of the Group, is currently subject to a preferential PRC enterprise income tax rate of 15% granted by the local tax bureau of Chongqing City in July 2001. According to the policy for the development of the Western region of the PRC promulgated by the State Council, Sinochem Fuling is entitled to this preferential income tax treatment from 2002 to 2010 provided it is engaged in the projects listed in the Catalogue for Industries, Products and Technologies Currently and Particularly Encouraged by the State for Development (as amended in 2000) and its principal business and revenue from the principal operations accounts for over 70% of its total revenue.

No provision for income tax has been made for certain subsidiaries of the Company in jurisdiction other than Hong Kong and the PRC as those subsidiaries have profit exempted from tax for the year.

6. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Proposed final dividend of 2.76 HK cents per share (2006: 2.31 HK cents)	**192,875**	134,437

The final dividend of 2.76 HK cents (2006: 2.31 HK cents) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

(a) The calculation of the basic and diluted earnings per share attributable to the ordinary equity shareholders of the Company is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**663,306**	896,246
	'000 shares	*'000 shares*
Number of share		
Weighted average number of shares for the purpose of basic earnings per share	**6,000,022**	5,807,950
Effect of dilutive potential shares – share options	**18,761**	8,050
Weighted average number of shares for the purpose of diluted earnings per share	**6,018,783**	5,816,000

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 earnings per share excluding the impact of changes of fair value on derivatives is as follows:

	2007	2006
	HK$'000	*HK$'000*
Earnings for the purpose of basic and diluted earnings per share	**663,306**	896,246
Adjustment for:		
Changes in fair value of derivative component of convertible loan note	**623,185**	1,865
Earnings excluding changes in fair value of derivatives component of convertible loan notes	**1,286,491**	898,111
Adjusted basic earnings per share	**HK21.44 cents**	HK15.46 cents
Adjusted diluted earnings per share	**HK21.37 cents**	HK15.44 cents

8. TRADE AND BILLS RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**298,724**	92,038
Less: allowance for doubtful debts	**(741)**	(840)
	297,983	91,198
Bills receivables	**924,994**	1,181,159
Total trade and bills receivables	**1,222,977**	1,272,357

The Group allows its trade customers with credit periods normally within 90 days. The following is an aged analysis of trade receivables net of allowance for doubtful debts at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**286,180**	83,724
91 days to 180 days	**9,835**	1,463
181 days to 360 days	**467**	5,113
Over 360 days	**1,501**	898
	297,983	91,198

Before accepting any new customer, the Group uses past experience to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$11,803,000 (2006: HK$7,474,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 174 days (2006: 261 days).

Ageing of trade receivables which are past due but not impaired

	2007	2006
	HK$'000	*HK$'000*
91 days to 180 days	**9,835**	1,463
181 days to 360 days	**467**	5,113
Over 360 days	**1,501**	898
Total	**11,803**	7,474

Movement in the allowance for doubtful debts

	2007	2006
	HK$'000	*HK$'000*
Balance at beginning of the year	**840**	411
Allowances provided for bad and doubtful debts	**313**	429
Amounts recovered during the year	**(412)**	–
Balance at end of the year	**741**	840

The following is an aged analysis of bills receivables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**266,639**	1,181,159
91 days to 180 days	**618,645**	–
Over 181 days	**39,710**	–
	924,994	1,181,159

9. TRADE AND BILLS PAYABLE

The following is an analysis of trade and bills payable at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**2,082,429**	1,803,563
91 days to 180 days	**17,744**	1,427
181 days to 360 days	**8,097**	2,359
Over 360 days	**9,377**	7,907
	2,117,647	1,815,256

10. POST BALANCE SHEET EVENT

On 30 January 2008, the Group completed its acquisition of 40% equity interest in Tianji Sinochem Gaoping Chemical Industrial Co., Ltd. ("Tianji JV") for consideration of RMB208,830,000 in cash using available cash of the Group.

On 17 March 2008, the Group completed its acquisition of 18.49% equity interest in Qinghai Salt Lake Potash Co., Ltd. ("Qinghai Salt Lake") for consideration of RMB6,739,190,000 in cash using available cash of the Group.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Tse Hau Yin, Aloysius, Mr. Ko Ming Tung and Dr. Tang Tin Sek, the chairman of which is Mr. Tse Hau Yin, Aloysius. The Audit Committee, assisted by the management of the Group, has reviewed the consolidated financial statements of the Company for the year ended 31 December 2007 and the accounting principals and practices adopted by the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has fully complied with the code provisions set out in Appendix 14 "Code on Corporate Governance Practices" of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2007 and up to the date of this announcement.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries with the directors, and the directors have confirmed that they had complied with the required standards set out in the Model Code during the year.

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.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of 2.76 HK cents per share for the year ended 31 December 2007 (2006: 2.31 HK cents per share).

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.

BOARD OF DIRECTORS

At the date of this announcement, the executive directors are Mr. Du Ke Ping (Chief Executive Officer), Mr. Harry Yang; the non-executive directors are Mr. Liu De Shu (Chairman), Mr. Song Yu Qing (Deputy Chairman), Dr. Chen Guo Gang, Dr. Stephen Francis Dowdle and Mr. Wade Fetzer III; the independent non-executive directors are Mr. Tse Hau Yin, Aloysius, Mr. Ko Ming Tung and Dr. Tang Tin Sek.

On Behalf of the Board
Du Ke Ping
Chief Executive Officer

Hong Kong, 28 March 2008

* *For identification purpose only*