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 2009

FINANCIAL SUMMARY

- The Group's turnover was RMB12,505 million, decreased by 43.96% year on year
- Net loss attributable to shareholders for the period was RMB828 million (2008 interim period: net profit attributable to shareholders was RMB1,213 million); excluding write-down of inventories and change in fair value of derivative component of convertible loan notes, net profit attributable to shareholders was RMB118 million, declining 90.67% year on year
- Basic loss per share for the period was RMB0.1181 (2008 interim period: basic earnings per share was RMB0.1742)
- The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2009

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I hereby present to all the shareholders the interim results of Sinofert Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009, and also take the opportunity to express our heartfelt gratitude to the shareholders and friends from various circles of society for your support to the Group.

During the first half of 2009, the global fertilizer market contracted further as demand weakening, prices falling and competition intensified due to the impact of the financial crisis. In such a tough market situation, the Group adopted proactive measures to overcome various challenges, and steadily carried forward the strategy of "centering on marketing and distribution and expanding into both production and network distribution" for synergic development. Sales volume of the Group during the first half of 2009 was 6.35 million tons, down by 34.69% year on year; turnover was RMB12,505 million, down by 43.96% year on year; net loss attributable to shareholders was RMB828 million, and net profit attributable to shareholders excluding write-down of inventories and the change in fair value of derivative component of convertible loan notes was RMB118 million, which fell by 90.67% from that for the corresponding period of 2008. It was the first time that the Group encountered decline in performance. The major reason for the sharp fall in profit was incurred by the decline in both sales volume and gross profit of the Group as a result of the impact of the financial crisis on the overall business environment.

However, the falling profit during the first half of 2009 under the influence of financial crisis did not mean any change in the fundamentals of the Group. The Group maintained its leading market position as China's largest fertilizer distribution service provider. Under the background of serious oversupply and fierce competition in the fertilizer market, the Group's industrial base and fairly complete production layout, and the distribution network formed in the strategic transformation of the Group in the past 10 years had become the most valuable assets of the Group. In addition, the Group's ability to deploy resources from global markets and our brand image and influence had jointly formed a sharp competitive edge in the industry. The directors and the management as well as all the employees are full of confidence in the Group's future development!

During the first half of 2009, the Group grasped the opportunity and recruited an expert team to prop up the professional management of the upstream production sector. The structure of human resources adaptive to the Group's strategic transformation was improved. Meanwhile, a good progress was also achieved in optimizing production management and implementing the low-cost production strategy through technological renovations and lean management.

On the basis of the completion of nationwide layout of the distribution network, the Group shifted the emphasis of network development to a new stage of improving the quality and performances of the distribution network during the first half of 2009. This was aimed for accumulating potentials for the Company's sustainable growth at a higher commanding point in market competition. The Group continued to carry out standardized management of the distribution network, and aimed to provide our customers with "one-stop-shopping" services by enriching our product mix. In addition, the ability to serve end-users was further enhanced, helping the distribution network taking root in the vast countryside of China.

Looking ahead to the development environment of the Group in the second half of the year and onwards, we believe that it is increasingly likely that the Chinese economy will emerge first from the global crisis. The Chinese government will continue to adhere to the proactive fiscal policy and moderately loose monetary policy, implement the economic stimulus plan on a full scale, consolidate and further strengthen the good momentum of stable recovery of the Chinese economy, and to strive to achieve the goal of 8% annual GDP growth on the basis of 7.1% economic growth during the first half of 2009. Meanwhile, the U.S. economy seems to have approached the bottom of recession, and is estimated to recover from economic recession by the end of this year. Driven by the recoveries of massive economic systems of China and the U.S., etc., it would not be long for the global economy to extricate from the downturn.

Agriculture in China is positioned to be “the strategic industry effecting stability of the country and the people”. The Chinese government will continuously support the agricultural sector to enable bumper harvests and constant increase of farmers’ income. In particular, the Chinese government adopted the Program for New Addition of 50-Billion-Kg Grain Production Capacity during 2009-2020, which would create huge demand potentials for the fertilizer industry. We believe that in the next couple of years, China’s fertilizer consumption will overcome the downtrend as seen in the past two years, and growth in market demand is foreseeable. In addition, the situation of overcapacity and the trend of structural readjustment and reorganization of the Chinese fertilizer industry will also provide good historic opportunities for the Group to leverage its leading market position and overall influence to further consolidate its industrial basis and sustainable growth ability.

In an ever-changing market environment, the Group will work hard to grasp the opportunities and actively meet the challenges by further deepening the development strategy of “centering on marketing and distribution and expanding into both production and network distribution”. We will continue to consolidate our industrial base to enhance the profitability of the Group’s production sector; boost the comprehensive value of the distribution network by enriching our product mix and integrating the operations of various agricultural inputs; and bring into full play the advantages of integrated development for continuously enlarged market share and better market position. The Company always aims to generate higher returns for the shareholders, creates more wealth for society, and plays a greater role in ensuring China’s food security and agricultural growth.

Last but not least, on behalf of the Board, I would like to take this opportunity to extend our heartfelt appreciations to the customers, the management and employees of the Group. We hope to have the continuous support from our shareholders, and that the Sinofert Team will keep working hard and make greater contributions for the Company.

Liu De Shu
Chairman of the Board

Hong Kong, 18 August 2009

MANAGEMENT REVIEW AND PROSPECT

Since the outbreak of the global financial crisis in September 2008, the real economy was heavily slammed and the global fertilizer industry was dragged into a cold winter. Fertilizer prices plunged, and market demand withered. In the first half of 2009, international urea prices fell by 62% compared with a year ago, the prices of diammonia phosphate plummeted by 75%, and international potash trading was virtually stagnant. The whole fertilizer industry encountered a dilemma unprecedented over the years.

The domestic fertilizer market is over supplied, with prices constantly under downward pressure. In the first half of 2009, domestic production capacity of fertilizers continued to rise. Statistics show that China's urea production capacity reached 65 million tons per annum, compared with total annual consumption of about 50 million tons, representing 20% overcapacity. The production capacity of diammonia phosphate and monoammonia phosphate was more than 13 million tons, respectively, compared with total domestic consumption of 5.5 million tons for diammonia phosphate and 6 million tons for monoammonia phosphate, representing 50% overcapacity, respectively. In addition, the considerable increase in potash production plus huge amount of imported potash jointly led to an oversupply situation in China's potash market. Meanwhile, during the first half of 2009, the weak international demand and the impact of high export taxes on fertilizers imposed by the state led to a fall of 80% and 63% in urea and phosphate export volume, respectively, which further exacerbated the oversupply situation in the domestic market. Urea prices fell from the peak of RMB2,550 per ton in 2008 to RMB1,500 per ton in June 2009, representing a decrease of 41%; the prices of diammonia phosphate fell from the peak of RMB2,800 per ton to RMB2,100 per ton, representing a decrease of 25%; and the prices of potash plunged 39% from RMB4,600 per ton to RMB2,800 per ton. According to the statistics made by fertilizer industry association, the overall profit of the fertilizer industry decreased by over 50% during the first half of 2009, and the phosphate industry suffered losses as a whole.

Against the worsening market environment, the Group readjusted its strategies accordingly under the guidance of the Board. In line with the principle of "prudent operations, fast turnover rate, and risk control", the Group brought into full play the advantages of our integrated business model to allow production and distribution mutually supportive for better synergic effect. The service ability of the distribution network was further enhanced to create more value-added services.

Financial Summary

For the six months ended 30 June 2009, the Group's turnover was RMB12,505 million, representing a decrease of 43.96% year on year; net loss attributable to shareholders of the Company was RMB828 million, and net profit attributable to shareholders excluding write-down of inventories and the change in fair value of derivative component of convertible loan notes was RMB118 million, representing a decrease of 90.67% from that for the corresponding period of 2008. This was the first time that the Group encountered decline in performance. The major reason for the sharp fall in profit was the decline in both sales volume and gross profit of the Group as a result of the impact of the financial crisis on the general business environment.

Product Operations

In the first half of 2009, the Group's sales volume was 6.35 million tons, down by 34.69%. However, the Group continued to be the largest fertilizer distributor and service provider in China. Among this, the sales volume of nitrogen fertilizers, phosphate fertilizers, compound fertilizers and potash fertilizers was 2.63 million tons, 1.68 million tons, 1.01 million tons and 0.6 million tons, respectively. The sales volume of sulfur was 0.36 million tons.

Production

During the first half of 2009, the Group had no newly-built project, project expansion, or new acquisition. The total fertilizer production capacity of the Group's subsidiaries and affiliated production enterprises remained to be 10.16 million tons. Emphasis in the production sector under the situation of financial crisis was focused on boosting the ability for sustainable growth of the Group through the introduction of lean management, technological renovations and the implementation of the low-cost strategy.

The Group took the opportunities and actively recruited an expert team to ramp up the professional management of the upstream production sector in terms of technological research, processing and equipment, and business management. Enterprises competitiveness was uplifted with technological renovations, and the work for the building of a state-level technological center was expedited. With the full-range implementation of lean management, the Group's production plants were capable of further reducing energy consumption and maintaining safe production.

Network Distribution

On the basis of the completion of nationwide layout of the distribution network – "building distribution centers in agricultural counties" in 2008, the Group shifted the emphasis of network development to a new stage of improving the quality and performances of the distribution network since the beginning of 2009. During the first half of 2009, the Group newly added 12 distribution centers, bringing the total number of distribution centers to 2,022 nationwide.

In the first half of 2009, emphasis of the work of the distribution network was put on "expanding the customer base at township level and continuously substantiating the basis of operations" to proactively push forward the intension-type growth of the distribution network. Among the 34,800 customers that had trading relations with the Group during the first half of 2009, the number of township-level customers reached 6,300. The sales volume realized by the distribution network was 4.61 million tons, accounting for 72.6% of the Group's total sales volume. Such an increase in percentage of sales volume proved that the distribution network is playing an increasingly important role under the general market situation of serious oversupply.

The Group actively pushes forward the integrated operations of various agricultural inputs, with fertilizers and pesticides being sold in most distribution centers, providing the customers with "one-stop shopping" services.

Internal Control and Management

The Group always attaches top priority to the protection of shareholders' asset value, and made particular attention to this aspect facing the severe business environment. The Group adheres to a sound financial policy, keeps a balanced financing structure, and works to expand funding supply to meet the capital requirements. Financing risks and finance cost were effectively reduced by utilizing various financing channels. The Group also implemented strict goods ownership management, actively pushed forward total risk management, continued to optimize work flows and business operating processes, and strengthened the work of internal audit so as to ensure the safety protection of corporate assets and business operations.

Corporate Social Responsibility

The Group is committed to promoting "Harmonious China, Safe Agriculture" and "whole-heartedly serving the Chinese farmers", and takes it a long-term strategy to provide full services to meet the needs of end-user farming households. During the first half of 2009, a total of 2,809 agrichemical service events were held, including agricultural expert seminars, town fair gatherings and formula fertilization based on soil testing. A special program was also successfully carried out to promote the sales of Sinochem Canadian potash fertilizers at discounted prices for the farmers. A total of

1,108 exemplary villages selected for the promotion of scientific fertilization by Sinofert were set up, with 1,366 specialized programs provided for the villagers. Other activities for public welfare included promoting agro-technology among the farmers under the sponsorship of the Ministry of Agriculture, donating fertilizers to economically backward communities and earthquake-stricken areas, as well as donating books, VCDs and DVDs on scientific fertilization to the farmers.

The Company was the sponsor for the 77th Annual Conference of the International Fertilizer Industry Association (IFA), which was held successfully in Shanghai in 2009. The meeting was an excellent event for the global fertilizer industry to exchange views and ideas, and promoted the mutual exchanges between the Chinese fertilizer producers and suppliers with their international counterparts. The Group also successfully fulfilled the work of undertaking the national off-season reserve of 2.55 million tons of fertilizers. In addition, Sinofert Corporate Social Responsibility Report 2008 was also published with an aim to publicize the commitment of the Group to social responsibility.

Outlook

During the first half of 2009, while the global economy was still in recession, the Chinese economy began to show signs of recovery. Meanwhile, the second quarter economic indexes published by the U.S. also proved that the U.S. economy seemed to have approached the bottom, gradually recovering from economic recession. Driven by the recoveries of massive economic systems of China and the U.S., etc., it would not be long for the global economy to extricate from the downturn.

The Chinese government has always attached top priority to agriculture, and in recent years has continuously expanded its support to the farmers and the agricultural sector to promote steady growth and stable increases of the farmers' income. In 2009, fiscal expenditure on the agricultural sector, the rural areas and the farmers by the Chinese government would increase to RMB716.1 billion, up by RMB120.6 billion or 20.2% year on year. Among this, direct subsidies to the farmers would reach RMB123.1 billion. Such favorable policies have actively promoted the enthusiasm of the farmers in grain growing, which resulted in a bumper harvest of Summer grains for consecutively six years in 2009. The output of Summer grains increased by 2.6 million tons, or 2.2% to 123.35 million tons compared with the previous year. To prevent the downward pressure of grain prices both domestically and internationally, the Chinese government raised the minimum grain purchase prices by over 10% so as to protect the interest of grain growers. These measures are certainly beneficial to the growth of the fertilizer industry.

In 2009, the Chinese government adopted the Program for New Addition of 50-Billion-Kg Grain Production Capacity during 2009-2020, which would create huge growth potentials for the fertilizer industry. The management believes that in the next couple of years, China's fertilizer consumption will realize recovery growth. In addition, the situation of over-capacity and the trend of structural readjustment and reorganization of the Chinese fertilizer industry will also provide good historic opportunities for the Group to leverage its leading market position and overall influence to further consolidate its industrial basis and sustainable growth ability.

In an ever-changing market environment, the Group will work hard to grasp the opportunities and actively meet the challenges by deepening the development strategy of "centering on marketing and distribution and expanding into both production and network distribution". We will continue to consolidate our industrial base to enhance the profitability of the Group's production sector; boost the comprehensive value of the distribution network by enriching our product mix and integrating the operations of various agricultural inputs; and bring into full play the advantages of integrated development for continuously expanded market share and greater market position. The Company always aims to generate higher returns for the shareholders, create more wealth for society, and play a greater role in ensuring China's food security and agricultural development.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial crisis dealt a heavy blow to the global real economy, and the fertilizer industry was not an exception. Since the second half of 2008, the global fertilizer market slumped, and the impact of the downturn was increasingly apparent in the first half of 2009. For the six months ended 30 June 2009, sales volume of the Group was 6.35 million tons, and turnover was RMB12,505 million, which represented a decrease of 34.69% and 43.96%, respectively, from the corresponding period of 2008.

For the six months ended 30 June 2009, gross profit of the Group was RMB679 million, falling by 67.68%; net loss attributable to shareholders was RMB828 million, representing a decrease of 168.27% from the corresponding period of 2008. Excluding write-down of inventories and change in fair value of derivative component of convertible loan notes, net profit attributable to shareholders was RMB118 million, declining 90.67% year on year.

Due to the impact of the financial crisis, domestic fertilizer demand and prices both plunged. In accordance with the requirements of relevant accounting principles, the Group recognized write-down of inventories of RMB1,293 million for the six months ended 30 June 2009.

I. Operation Scale

1. Sales Volume

Affected by weakening demand in the domestic fertilizer market, for the six months ended 30 June 2009, sales volume of the Group was 6.35 million tons, down by 34.69% from the corresponding period of 2008.

In terms of product sales structure, sales volume of potash, nitrogen, compound fertilizers and phosphate fertilizers decreased by 71.49%, 35.18%, 25.26% and 10.56%, respectively, from the corresponding period of 2008.

2. Turnover

For the six months ended 30 June 2009, turnover of the Group was RMB12,505 million, down by RMB9,811 million from the corresponding period of 2008, which represented a decrease of 43.96%. The main reason was that market prices and sales volume of fertilizers both declined.

The breakdown of turnover by products of the Group for the six months ended 30 June 2009 is as follows:

	For the six months ended 30 June			
	2009		2008	
	Turnover *RMB'000*	**As percentage of total turnover**	Turnover *RMB'000*	As percentage of total turnover
Potash fertilizers	**2,156,662**	**17.25%**	5,501,847	24.66%
Nitrogen fertilizers	**4,207,095**	**33.64%**	6,866,288	30.77%
Compound fertilizers	**2,455,877**	**19.64%**	3,602,231	16.14%
Phosphate fertilizers	**3,259,308**	**26.06%**	4,912,422	22.01%
Others	**426,477**	**3.41%**	1,433,178	6.42%
Total	**12,505,419**	**100.00%**	22,315,966	100.00%

3. Turnover and Result by Segment

The operating segments include sourcing and distribution of fertilizers and agricultural related products ("Sourcing and Distribution Segment") and production and sales of fertilizers ("Production Segment").

The following is an analysis of the Group's turnover and (loss) profit by operating segment for the current period and the same period last year:

	For the six months ended 30 June 2009		
	Sourcing & Distribution	**Production**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Turnover			
External sales	**10,924,100**	**1,581,319**	**12,505,419**
Segment loss	**(1,124,433)**	**(32,500)**	**(1,156,933)**

	For the six months ended 30 June 2008		
	Sourcing & Distribution	Production	Total
	RMB'000	*RMB'000*	*RMB'000*
Turnover			
External sales	20,481,742	1,834,224	22,315,966
Segment profit	1,303,521	132,307	1,435,828

Segment (loss) profit represents the (loss) profit recognized by each segment without allocation of central administrative costs, share of results of associates and jointly controlled entities, investment revenue, non-recurring income/expenses and finance costs. The Group uses these quantitative reports for the purposes of resource allocation and assessment of segment performance.

Affected by the financial crisis, fertilizer demand and prices in the domestic market both plunged. This resulted in a sharp fall in the Group's result for the first half of 2009 compared with the same period of 2008. Among this, the Sourcing and Distribution Segment recorded a loss of RMB1,124 million for the first half of 2009, down by RMB2,428 million from the same period of 2008. The loss was mainly attributable to the write-down of inventories made during the first half of 2009 in accordance with relevant accounting principles as a result of continuous decline in fertilizer prices in the domestic market and high cost of inventories. The profit of the Production Segment fell by RMB165 million from the same period of 2008. This was mainly caused by highly-priced raw material (mainly sulfur) for phosphate and compound fertilizer production, incurring an increase in production cost. The prices of fertilizers in domestic market slumped in 2009 due to oversupply, making phosphate and compound fertilizer production enterprises operating at loss.

II. Profit

1. Gross profit and gross profit margin

For the six months ended 30 June 2009, gross profit of the Group was RMB679 million, representing a decrease of RMB1,421 million or 67.68% from the corresponding period of 2008.

In the first half of 2009, potash price continued to fall in the domestic market, which caused a sharp drop in the Group's potash profitability and subsequently, less contribution to the Group's overall profit. This was the major reason for the falling gross margin of the Group during the first half of 2009. Since its public listing, the Company has always adhered to the development strategy of "centering on marketing and distribution and expanding into both production and network distribution", and such a strategy has achieved desired effect in the downturn of the fertilizer market. In 2008, the Group completed the acquisitions of Sinochem Pingyuan Chemical Company Limited ("Sinochem Pingyuan") and Sinochem Jilin Changshan Chemical Company Limited ("Sinochem Changshan"), increasing its nitrogen production capacity to 2.31 million tons. In the first half of 2009, the increased fertilizer output and improved management in these two production plants provided the distribution network with adequate cost-competitive fertilizer supplies. Accordingly, the gross profit margin of the nitrogen business maintained stable at the same level of the corresponding period of 2008. In addition, the gross profit margin of the phosphate and compound fertilizer business was also stable.

In general, for the six months ended 30 June 2009, gross profit margin of the Group was 5.43%, down by 3.98 percentage points from the same period of 2008.

2. Share of results of jointly controlled entities

For the six months ended 30 June 2009, the share of results of jointly controlled entities of the Group was a loss of RMB38 million, which was RMB129 million less than that of RMB91 million in the same period of 2008, or down by 141.76%. The major reason was that during the first half of 2009, the Group's jointly controlled phosphate and compound fertilizer enterprises had to consume their high-cost raw materials carried forward from the 4th quarter of 2008, making production cost high. Together with the falling prices due to weak market demand, there was a sharp drop in the profitability, compared with the corresponding period in 2008, of these phosphate and compound fertilizer enterprises. Some of them recorded a loss, and therefore, making less profit contribution to the Group.

3. Share of results of associates

For the six months ended 30 June 2009, the share of results of associates of the Group amounted to RMB131 million, which was RMB121 million more than that of RMB10 million in the same period of 2008. This was mainly attributed to:

(1) The share of results contributed by Qinghai Salt Lake Potash Co., Ltd ("Salt Lake Potash") for the first half of 2009 was for the period from January to June 2009, while its contribution for the corresponding period of 2008 was from March (the month that acquisition was completed) to June 2008; and

(2) In connection with the fair value gain on identifiable assets of Salt Lake Potash as at 17 March 2008 (the completion date of the acquisition), the corresponding fair value gain on inventories had been fully amortized in 2008. Accordingly, the investment return from Salt Lake Potash in 2009 only included the amortization of fair value gain from fixed assets and intangible assets.

4. Income tax credit

For the six months ended 30 June 2009, income tax credit of the Group was RMB307 million, which was mainly due to the recognition of deferred tax asset of RMB322 million as a result of the write-down of inventories recorded by the Group for the six months ended 30 June 2009.

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 25%, the Group's profit derived from Macao is exempted from profits tax, while Hong Kong profits tax rate is 16.5%. The Group strictly complies with the taxation laws of the respective jurisdictions and pays taxes accordingly.

5. Other expenses

For the six months ended 30 June 2009, other expenses amounted to RMB1,320 million, which was up by 1,169.23%, or RMB1,216 million more than that of RMB104 million for the same period of 2008. The main reason was that the Group recorded write-down in value of inventories as at 30 June 2009 according to relevant accounting principles due to falling fertilizer prices under the impact of the financial crisis during the first half of 2009, the amount of which was RMB1,293 million.

6. Net loss and net loss margin

For the six months ended 30 June 2009, net loss attributable to shareholders was RMB828 million, which was RMB2,041 million less than the net profit for the same period of 2008, or a decrease of 168.27%. This was mainly attributable to the decrease in turnover by 43.96% and the decrease in gross profit by RMB1,421 million, as well as write-down of inventories made as at 30 June 2009 using the prudent principle. For the six months ended 30 June 2009, write-down of inventories amounted to RMB1,293 million.

For the six months ended 30 June 2009, net loss margin attributable to shareholders was 6.62%, which was much lower than the net profit margin of 5.43% for the same period of 2008.

III. Expenditures

1. Selling and distribution expenses

For the six months ended 30 June 2009, selling and distribution expenses were RMB317 million, down by RMB51 million from that of RMB368 million for the corresponding period of 2008. This was mainly attributable to the decrease in sales volume, which in turn proportionally decreased logistics expenses as compared with the corresponding period of 2008.

2. *Finance costs*

For the six months ended 30 June 2009, finance costs were RMB239 million, up by RMB150 million, or 168.54% over that of RMB89 million for the corresponding period of 2008. This was mainly attributable to higher finance costs resulted from slower inventory turnover rate and higher capital demand.

IV. Inventory Turnover

The inventory balance of the Group as at 30 June 2009 was RMB11,375 million, decreased by RMB195 million, or 1.69% from RMB11,570 million as at 31 December 2008. Weakening demand in the domestic fertilizer market led to a decline in sales volume, and subsequently lower inventory turnover rate. Inventory turnover days (note) increased from 78 days in 2008 to 175 days in the first half of 2009.

Note: Inventory turnover days for the six months ended 30 June 2009 was calculated on the basis of average inventory balance as at the end of the reporting period divided by cost of goods sold for the reporting period, and multiplied by 180 days.

Inventory turnover days for 2008 was calculated on the basis of average inventory balance as at the end of the reporting period divided by cost of goods sold in 2008, and multiplied by 360 days.

V. Trade and Bills Receivables Turnover

The balance of the Group's trade and bills receivables as at 30 June 2009 was RMB987 million, decreasing by RMB1,242 million, or 55.72% from that of RMB2,229 million as at 31 December 2008. This was mainly attributable to decline in sales due to shrinking demand and more strict credit policy of the Group during the first half of 2009.

As the 43.96% decrease in turnover from the corresponding period of 2008 was less than the decline rate of the balance of the trade and bills receivables, trade and bills receivables turnover days (note) increased from 10 days in 2008 to 15 days in the first half of 2009.

Note: Turnover days for the six months ended 30 June 2009 was calculated on the basis of average trade and bills receivables (excluding bills discounted to banks) balance as at the end of the reporting period divided by turnover for the reporting period, and multiplied by 180 days.

Turnover days for 2008 was calculated on the basis of average trade and bills receivables (excluding bills discounted to banks) balance as at the end of the reporting period divided by turnover in 2008, and multiplied by 360 days.

VI. Others

1. *Available-for-sale Investment*

As at 30 June 2009, the balance of the Group's available-for-sale investment was RMB690 million, increased by RMB188 million, or 37.45% over that of RMB502 million as at 31 December 2008. This was mainly attributable to the increase in fair value of RMB191 million derived from the increase in share price of the Group's investments including Hualu Hengsheng Chemical Co, Ltd and Luxi Chemical Industry Co., Ltd due to rally in the Chinese stock market during the first half of 2009.

2. *Advance Payments and Other Receivables*

As at 30 June 2009, the balance of the Group's advance payments and other receivables was RMB1,322 million, decreased by RMB377 million, or 22.19% from that of RMB1,699 million as at 31 December 2008. Among this, the balance of advance payments as at the current period decreased by RMB425 million from that as at 31 December 2008, which was mainly attributable to procurement control in light of market recession.

3. *Trade and Bills Payables*

As at 30 June 2009, the balance of the Group's trade and bills payables was RMB4,121 million, decreased by RMB42 million, or 1.01% from that of RMB4,163 million as at 31 December 2008. Among this, the balance of trade payables as at the current period decreased by RMB2,144 million from that as at 31 December 2008, which was mainly caused by decreased potash imports during the reporting period; the balance of bills payables as at the current period increased by RMB2,102 million over that as at 31 December 2008, which was mainly attributable to increased payments made in bills by the Group in order to reduce finance costs.

4. *Receipts in Advance and Other Payable*

As at 30 June 2009, the balance of the Group's receipts in advance and other payable was RMB990 million, decreased by RMB836 million, or 45.78% from that of RMB1,826 million as at 31 December 2008. This was because customers made less prepayments for purchases due to the financial crisis.

5. *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 30 June 2009, the total face value of outstanding convertible loan notes was HK$622 million, which remained unchanged from that as at 31 December 2008. According to relevant accounting standards, the Group arranged an independent assessment on the fair value of outstanding convertible loan notes. The gain arising from the change in fair value of derivative component of the convertible loan notes and the amortized finance costs to the convertible loan notes was RMB24 million and RMB20 million, respectively, which were reflected in the condensed consolidated statement of comprehensive income for the period.

VII. Other Financial Indicators

Basic loss per share for the six months ended 30 June 2009 was RMB0.1181, which fell by 167.80% from that for the same period last year. Return on equity (ROE) for the six months ended 30 June 2009 was -6.37%, decreased by 13.23 percentage points from that for the same period last year. This was mainly attributable to a decrease of 168.27% in net profit attributable to shareholders as compared with the same period of the previous year.

	For the six months ended 30 June 2009	For the six months ended 30 June 2008 *(Note 3)*
Profitability		
(Loss) Earnings per share *(RMB) (Note 1)*	**(0.1181)**	0.1742
ROE *(Note 2)*	**(6.37%)**	6.86%

Note 1: Calculated on the basis of net (loss) profit attributable to shareholders 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 (loss) profit attributable to shareholders for the reporting period (excluding minority interests) divided by total equity (excluding minority interests) as at the end of the reporting period.

Note 3: The figure for the six months ended 30 June 2008 was calculated on the basis of dividing the ROE for the year ended 31 December 2008 by two.

As at 30 June 2009, the Group's current ratio was 1.05, and the debt-to-equity ratio was 70.44%.

	As at 30 June 2009	As at 31 December 2008
Solvency		
Current ratio *(Note 1)*	**1.05**	1.07
Debt-to-Equity ratio *(Note 2)*	**70.44%**	57.89%

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

Note 2: Calculated on the basis of interest-bearing debt (excluding bank advances from discounted bills) divided by total equity as at the reporting date.

VIII. Liquidity and Financial Resources

The Group's principal sources of financing included cash generated from business operations, bank borrowings and proceeds from the 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 2009, cash and cash equivalents of the Group amounted to RMB190 million, which was mainly denominated in RMB and US dollar.

Set out below is an analysis of long-term and short-term loans denominated in both RMB and US dollar of the Group:

	As at 30 June 2009 *RMB'000*	As at 31 December 2008 *RMB'000*
Secured	**585,610**	346,841
Unsecured	**8,659,368**	8,173,078
Total	**9,244,978**	8,519,919
Within one year	**8,089,881**	7,536,557
Within 2-5 years	**1,045,097**	853,362
Over 5 years	**110,000**	130,000
Total	**9,244,978**	8,519,919
Fixed interest rate	**4,679,211**	5,079,805
Floating interest rate	**4,565,767**	3,440,114
Total	**9,244,978**	8,519,919

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

As at 30 June 2009, the Group had banking facilities totalling RMB23,800 million, including US$1,060 million and RMB16,500 million. The amount of utilized banking facilities was RMB11,800 million (including US$205 million and RMB10,400 million), and the amount of unutilized banking facilities was RMB12,000 million (including US$855 million and RMB6,100 million).

IX. Business and Financial Risks

The Group's major operation risks include: price fluctuations of the fertilizer market, and operating uncertainties caused by governmental influence such as influence on the potash contract negotiations.

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

Market risk

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

Most of the Group's assets, liabilities and transactions are denominated in RMB, US dollars and Hong Kong dollars. The exchange rates of RMB against US dollars and Hong Kong dollars are relatively stable. The fluctuations of foreign currencies did not have a significant impact on the performance of the Group. In addition, the management kept monitoring and controlling the above risks so as to reduce any potential negative effect on the Group's financial performance.

Credit risk

The highest credit risk the Group confronted with was that the counterparties fail to perform their obligations in relation to each class of recognized financial assets, which have been confirmed and recorded in the consolidated balance sheet as at 30 June 2009. The Group has adequate monitoring procedures in respect of granting credit line, credit approval and other related aspects so as to ensure the timely follow-up of overdue debt so as to greatly reduce the credit risk.

Liquidity risk

In order to manage the liquidity risk, the management monitored and maintained sufficient cash and cash equivalent of the Group, raised funds to fulfil the operation requirements and maintained a stable cash flow of the Group. The management kept monitoring the application of bank borrowings so as to reduce liquidity risk of the Group.

X. Contingent Liabilities

As at 30 June 2009, the Group had no material contingent liabilities.

XI. Capital Commitment

Set out below is an analysis of the Group's capital commitment as at 30 June 2009:

	As at 30 June 2009 *RMB'000*	As at 31 December 2008 *RMB'000*
Assets under construction		
Contracted but not provided for	**525,409**	602,041
Authorized but not contracted for	**148,107**	110,973
Total	**673,516**	713,014

Capital commitment stated above was mainly additional equipment investment on assets under construction. Besides the capital commitment stated above, the Group had no other material plans for major investment and asset requirement.

XII. Major Investment and Disposal

As at 30 June 2009, the Group had no material investment expenditure or disposal.

XIII. Remuneration Policy of the Group

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

The remuneration payable to Directors is determined with reference to the responsibilities, qualifications, experience and performance of the Directors. They include incentive bonus primarily based on the results of the Group and share options granted under the share option schemes of the Company. The Remuneration Committee reviews the emoluments of the Directors from time to time. No Director, or any of his associates and executives, is involved in deciding his/her own emolument.

The Group reviews its remuneration policy annually and engages professional consultant, if necessary, to ensure the competitiveness of the remuneration policy which, in turn, would support the business growth of the Group. As at 30 June 2009, the Group had about 11,000 full-time employees (including those employed by controlled entities), and their remuneration is determined with reference to market rates. No individual employee shall have the right to determine his/her own remuneration.

In addition to the basic remuneration, the Group also provided certain non-monetary benefits, such as training, to its employees. As at 30 June 2009, the Group provided approximately 9,674 hours of training for about 2,735 employees. The training courses covered areas such as industry development, business knowledge, marketing, lean management, production management, information technology, production safety and work ethics. These training further improved the management skills and professional standard of the management of the Group and enhanced the overall quality of the employees so as to cater for the Group's rapid developments and to improve the competitiveness of the Group.

The board of directors (the "Board") of Sinofert Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2009

	Notes	**Six months ended 30 June 2009** *RMB'000* **(unaudited)**	Six months ended 30 June 2008 *RMB'000* (unaudited and restated)
Revenue	*3*	**12,505,419**	22,315,966
Cost of sales		**(11,826,750)**	(20,216,221)
Gross profit		**678,669**	2,099,745
Other income		**160,718**	69,512
Selling and distribution expenses		**(317,075)**	(368,288)
Administrative expenses		**(227,862)**	(229,421)
Other expenses		**(1,319,990)**	(103,846)
Gain on settlement of convertible loan notes		**–**	2,470
Gain on disposal of available-for-sale investments		**–**	62,593
Changes in fair value of derivative financial instruments		**24,098**	(48,028)
Finance costs	*4*	**(239,000)**	(88,830)
Share of results of jointly controlled entities		**(37,720)**	91,012
Share of results of associates		**130,709**	9,812
(Loss) profit before taxation	*5*	**(1,147,453)**	1,496,731
Income tax credit (charge)	*6*	**307,393**	(243,579)
(Loss) profit for the period		**(840,060)**	1,253,152
Other comprehensive income			
Exchange differences arising on translation		**(2,024)**	(145,984)
Changes in fair value of available-for-sale investments		**190,827**	(213,074)
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of available-for-sale investments		**–**	(62,593)
Income tax relating to components of other comprehensive income		**(47,231)**	68,692
Other comprehensive income for the period		**141,572**	(352,959)
Total comprehensive income for the period		**(698,488)**	900,193

	Notes	**Six months ended 30 June 2009** *RMB'000* **(unaudited)**	Six months ended 30 June 2008 *RMB'000* (unaudited and restated)
(Loss) profit for the period attributable to:			
– Owners of the Company		**(827,931)**	1,212,713
– Minority interests		**(12,129)**	40,439
		(840,060)	1,253,152
Total comprehensive income attributable to:			
– Owners of the Company		**(686,359)**	859,753
– Minority interests		**(12,129)**	40,440
		(698,488)	900,193
(Loss) earnings per share			
Basic *(RMB)*	*8*	**(0.1181)**	0.1742
Diluted *(RMB)*	*8*	**(0.1181)**	0.1738

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	Notes	**As at 30 June 2009 *RMB'000* (unaudited)**	As at 31 December 2008 *RMB'000*
Non-current Assets			
Investment properties		**14,600**	14,600
Long-term assets			
Property, plant and equipment		**4,705,246**	4,580,533
Other long-term assets		**57,514**	46,801
Prepaid lease payments		**498,363**	512,240
Interests in associates		**6,971,281**	7,063,039
Interests in jointly controlled entities		**758,295**	792,921
Available-for-sale investments		**690,472**	501,710
Advance payment for acquisition of property, plant and equipment		**120,598**	151,827
Goodwill		**579,614**	579,757
Deferred tax assets		**524,682**	189,265
		14,920,665	14,432,693
Current Assets			
Inventories		**11,375,438**	11,569,643
Prepaid lease payments		**26,621**	26,621
Trade and bills receivables	*9*	**987,366**	2,228,667
Advance payments and other receivables		**1,321,909**	1,699,218
Pledged bank deposits		**86,426**	7,936
Bank balances and cash		**189,840**	160,302
		13,987,600	15,692,387
Current Liabilities			
Trade and bills payables	*10*	**4,120,996**	4,163,401
Receipts in advance and other payable		**989,678**	1,825,904
Derivative financial instruments		**–**	199,204
Tax liabilities		**172,467**	320,511
Convertible loan notes		**–**	587,166
Borrowings – due within one year		**8,089,881**	7,536,557
		13,373,022	14,632,743
Net Current Assets		**614,578**	1,059,644
Total Assets less Current Liabilities		**15,535,243**	15,492,337

	As at 30 June 2009 *RMB'000* (unaudited)	As at 31 December 2008 *RMB'000*
Capital and Reserves		
Issued equity	**8,248,707**	8,233,245
Reserves	**4,746,284**	5,718,344
Equity attributable to owners of the Company	**12,994,991**	13,951,589
Minority interests	**408,138**	418,776
Total Equity	**13,403,129**	14,370,365
Non-current Liabilities		
Borrowings – due after one year	**1,155,097**	983,362
Derivative financial instruments	**175,017**	–
Convertible loan notes	**606,761**	–
Deferred income	**45,976**	33,267
Deferred tax liabilities	**149,263**	105,343
	2,132,114	1,121,972
Total Equity and Liabilities	**15,535,243**	15,492,337

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statement of Sinofert Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") 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 ("HKAS") 34, Interim Financial Reporting.

The provisionally estimated fair values of assets acquired and liabilities assumed in the acquisition of 75% equity interest in Sinochem Pingyuan Chemical Company Limited 中化平原化工有限公司 ("Sinochem Pingyuan", formerly known as Shandong Deqilong Chemical Company Limited 山東德齊龍化工集團有限公司) on the date of acquisition were used for preparation of the 2008 interim financial information. The fair value assessment was completed at the end of 2008. Therefore, results in the six-month period ended 30 June 2008 have been restated to reflect the fair value of assets acquired and liabilities assumed in the acquisition. Profit for the six months ended 30 June 2008 decreased by approximately RMB28 million, due to the reversal of a discount recognized relating to the acquisition of Sinochem Pingyuan.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost convention 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 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised 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 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14, Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3).

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

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK (IFRIC) – Int 18	Transfers of Assets from Customers[3]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January, 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for transfers on or after 1 July 2009
4 Effective for annual periods beginning on or after 1 January 2010

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8, Operating Segments, effective from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating segments under HKFRS 8 are as follows:

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

The following is an analysis of the Group's revenue and loss by operating segment for the period under review:

	Six months ended 30 June 2009			
	Sourcing and distribution *RMB'000*	**Production** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Revenue				
External revenue	**10,924,100**	**1,581,319**	**–**	**12,505,419**
Inter-segment revenue	**154,519**	**1,607,231**	**(1,761,750)**	**–**
	11,078,619	**3,188,550**	**(1,761,750)**	**12,505,419**
Segment loss	**(1,124,433)**	**(32,500)**		**(1,156,933)**
Unallocated corporate expenses				**(14,625)**
Unallocated corporate income				**146,018**
Interest expenses on bank borrowings				**(239,000)**
Changes in fair value of derivative financial instruments				**24,098**
Share of results of jointly controlled entities		**(37,720)**		**(37,720)**
Share of results of associates	**4**	**130,705**		**130,709**
Loss before taxation				**(1,147,453)**

	Six months ended 30 June 2008			
	Sourcing and distribution *RMB'000*	Production *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Revenue				
External revenue	20,481,742	1,834,224	–	22,315,966
Inter-segment revenue	3,929,547	1,434,407	(5,363,954)	–
	24,411,289	3,268,631	(5,363,954)	22,315,966
Segment profit	1,303,521	132,307		1,435,828
Unallocated corporate expenses				(17,841)
Unallocated corporate income				112,308
Interest expenses on bank borrowings				(88,830)
Changes in fair value of derivative financial instruments				(48,028)
Gain on settlement of convertible loan notes				2,470
Share of results of jointly controlled entities		91,012		91,012
Share of result of an associate		9,812		9,812
Profit before taxation				1,496,731

Segment (loss)/profit represents the (loss) profit earned by each segment without allocation of central administration costs, share of results of associates and jointly controlled entities, investment revenue, non-recurring income/expenses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

4. FINANCE COSTS

	Six months ended 30 June 2009 ***RMB'000***	Six months ended 30 June 2008 *RMB'000*
Interest on bank borrowings		
– wholly repayable within five years	**241,798**	64,297
– not wholly repayable within five years	**4,307**	3,132
Interest on convertible loan notes	**19,860**	21,401
Less: amount capitalized	**(26,965)**	–
	239,000	88,830

Note: Borrowing costs capitalized during the period arose on the general borrowing pool and are calculated by applying a capitalization rate of 6.53% per annum to expenditure on qualifying assets.

5. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June 2009 *RMB'000*	Six months ended 30 June 2008 *RMB'000*
(Loss) profit before taxation has been arrived at after charging:		
Amortization of prepaid lease payments	**13,877**	1,691
Amortization of other long-term assets	**4,744**	–
Write-down of inventories, included in other expenses *(Note)*	**1,292,924**	–
Depreciation of property, plant and equipment	**120,695**	49,423
Deferred income released	**2,034**	250
Provision for impairment of receivables	**9,817**	–

Note: During the period, there was a significant decrease in the net realizable value of fertilizers due to the decrease of market price. As a result, a write-down of RMB1,292,924,000 in inventory has been recognized in other expenses.

6. INCOME TAX CREDIT (CHARGE)

	Six months ended 30 June 2009 *RMB'000*	Six months ended 30 June 2008 *RMB'000*
The credit (charge) comprises:		
Current tax:		
Hong Kong Profits Tax	**(1,600)**	(26,863)
PRC Enterprise Income Tax	**(29,735)**	(218,153)
	(31,335)	(245,016)
Deferred tax:		
Current period *(Note)*	**338,728**	1,437
	307,393	(243,579)

Note: The income tax credit in the current period is mainly due to the recognition of deferred tax assets for the write-down of inventories of RMB1,292,924,000.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the periods under review.

People's Republic of China (the "PRC") Enterprise Income Tax is calculated at 25% on the estimated profit for the periods under review.

Sinochem Chongqing Fuling Chemical Fertilizer Company Limited ("Sinochem Fuling"), a 60% indirectly owned subsidiary of the Company, 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. It is expected that Sinochem Fuling will meet the criteria to entitle to the preferential tax treatment for 2009.

7. DIVIDENDS

No interim dividend for the six months ended 30 June 2009 (2008: nil) has been declared.

During the period ended 30 June 2009, the final dividend for 2008 of approximately RMB286,896,000 at HKD0.0464 (approximate to RMB0.0409) per share has been paid. During the period ended 30 June 2008, the final dividend for 2007 of approximately RMB169,987,000 at HKD0.0276 (approximate to RMB0.0243) per share has been paid.

8. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June 2009 *RMB'000*	Six months ended 30 June 2008 *RMB'000* (restated)
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share	**(827,931)**	1,212,713
	'000 shares	*'000 shares*
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**7,011,655**	6,960,043
Effect of dilutive potential ordinary shares from share options	**–**	15,773
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**7,011,655**	6,975,816

The computation of diluted loss per share in the current period does not assume exercise of the outstanding share options and conversion of the Company's outstanding convertible loan notes as the effects of such exercise and conversion would be anti-dilutive.

The computation of diluted earnings per share for the period ended 30 June 2008 does not assume conversion of the Company's outstanding convertible loan notes as the effect of such conversion would be anti-dilutive.

9. TRADE AND BILLS RECEIVABLES

The Group allows a credit period of approximate 120 days to its trade customers. The aging analysis of trade and bills receivables net of allowance for doubtful debts at the balance sheet date is as follows:

	30 June 2009 *RMB'000*	31 December 2008 *RMB'000*
Within 90 days	**784,899**	1,993,881
91 days to 180 days	**163,570**	229,597
181 days to 365 days	**37,635**	1,494
Over 365 days	**1,262**	3,695
	987,366	2,228,667

10. TRADE AND BILLS PAYABLES

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

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
Within 90 days	**3,600,820**	3,705,685
91 days to 180 days	**188,291**	323,218
181 days to 365 days	**266,866**	112,482
Over 365 days	**65,019**	22,016
	4,120,996	4,163,401

INTERIM DIVIDEND

The Board did not recommend the declaration of interim dividend for the six months ended 30 June 2009.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three members, including Mr. Tse Hau Yin, Aloysius as Chairman, Mr. Ko Ming Tung, Edward and Dr. Tang Tin Sek as members, all of whom are independent non-executive directors of the Company.

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the condensed consolidated financial statements for the six months ended 30 June 2009.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of conduct regarding securities transaction by directors. Having made specific enquiry of all directors of the Company, all directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2009.

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

CORPORATE GOVERNANCE STANDARDS

Recognizing the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance, and to comply with the Code on Corporate Governance Practices (the

"Code") contained in Appendix 14 to the Listing Rules. During the six months ended 30 June 2009 and up to the date of this announcement, the Company has complied with the code provisions set out in the Code, and its amendments from time to time, except for a deviation from the code provision E.1.2 as described below.

The code provision E.1.2 of the Code stipulates that, among others, the chairman of the board should attend the annual general meeting of the listed issuer. In the annual general meeting of the Company held on 10 June 2009 ("2009 AGM"), Mr. Liu De Shu, the Chairman of the Board, did not chair the meeting due to other essential business engagements. In order to ensure smooth holding of the 2009 AGM, the Chairman of the Board authorized and the directors attended the meeting elected Mr. Du Ke Ping, executive director and Chief Executive Officer of the Company, to chair the meeting on behalf of the Chairman of the Board. Respective chairmen of the audit, remuneration and nomination committees of the Company had attended the 2009 AGM to answer relevant questions raised in the meeting, which was in compliance with other part of code provision E.1.2 of the Code.

Save as disclosed above, please refer to the "Corporate Governance Report" contained in the Company's 2008 annual report for more information about the corporate governance practices of the Company.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Du Ke Ping (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company 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; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Dr. Tang Tin Sek and Mr. Tse Hau Yin, Aloysius.

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Du Ke Ping
Executive Director and Chief Executive Officer

Hong Kong, 18 August 2009

* *For identification purposes only*