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## **SINOFERT HOLDINGS LIMITED**

**中化化肥控股有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 297)**

### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES**

References are made to the announcements of the Company dated 23 January 2020 and 31 March 2021 in relation to the Strategic Restructuring between ChemChina, the indirect controlling shareholder of the Company, and Sinochem Group. On 16 September 2021, the Company was informed by Sinochem Holdings, a new holding company established by SASAC, that the Strategic Restructuring was completed. Upon completion of the Strategic Restructuring, ChemChina and Sinochem Group have been consolidated into Sinochem Holdings. ChemChina and SASAC remain as the indirect controlling shareholder and the de facto controller of the Company, respectively, and Sinochem Group has become an associate of ChemChina upon completion of the Strategic Restructuring.

Before the completion of the Strategic Restructuring, the Group had entered into various continuing transactions with Sinochem Group and its subsidiaries, which, upon completion of the Strategic Restructuring, have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

#### **IMPLICATIONS OF THE LISTING RULES**

ChemChina is the indirect controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company. Upon completion of the Strategic Restructuring, ChemChina and Sinochem Group have been wholly owned by Sinochem Holdings. As such, Sinochem Group has become an associate of ChemChina and therefore a connected person of the Company.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements (including publication of announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the Transactions. If the agreements governing the Transactions are renewed or their terms are amended, the Company will comply with all applicable reporting, announcement and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## BACKGROUND

References are made to the announcements of the Company dated 23 January 2020 and 31 March 2021 in relation to the Strategic Restructuring between ChemChina, the indirect controlling shareholder of the Company, and Sinochem Group. On 16 September 2021, the Company was informed by Sinochem Holdings, a new holding company established by SASAC, that the Strategic Restructuring was completed. Upon completion of the Strategic Restructuring, ChemChina and Sinochem Group have been consolidated into Sinochem Holdings. ChemChina and SASAC remain as the indirect controlling shareholder and the de facto controller of the Company, respectively, and Sinochem Group has become an associate of ChemChina upon completion of the Strategic Restructuring.

Before the completion of the Strategic Restructuring, the Group had entered into various continuing transactions with Sinochem Group and its subsidiaries, which, upon completion of the Strategic Restructuring, have become continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## PARTICULARS OF THE TRANSACTIONS

The Transactions primarily involve the purchase and/or sale of fertilizers and other fertilizer raw materials (including potash fertilizers, compound fertilizers, phosphate fertilizers, special fertilizers and sulphur), which are not completed as at the date of this announcement, between subsidiaries of the Company (including Sinochem Macao, Dohigh Trading, Sinochem Singapore and Sinochem Fertilizer) and Sinochem Group and its subsidiaries (including Luxi Chemical, Luxi Nitro and Sinochem Hebei). Details of the Transactions are set out as follows:

No.	Date of Agreement	Seller	Purchaser	Quantity of Goods	Transaction Amount
(a) Sale of potash fertilizers					
1	December 2020 to September 2021	Sinochem Macao	Sinochem Group	261,000 tonnes	US\$63,300,800
2	September 2021	Sinochem Fertilizer (Shandong Branch)	Luxi Chemical	600 tonnes	RMB2,010,000
(b) Purchase and/or sale of compound fertilizers					
1	April 2021 to September 2021	Sinochem Macao	Sinochem Group	157,378 tonnes	US\$89,182,842.5
2	September 2021	Sinochem Group	Sinochem Fertilizer	56,024.6 tonnes	RMB200,786,158.01
(c) Sale of phosphate fertilizers					
1	August 2021 to September 2021	Sinochem Fertilizer (Shandong Branch)	Luxi Nitro	840 tonnes	RMB3,133,200

No.	Date of Agreement	Seller	Purchaser	Quantity of Goods	Transaction Amount
(d) Purchase and/or sale of special fertilizers					
1	June 2021 to August 2021	Dohigh Trading	Sinochem Group	2,501.3 tonnes	US\$3,026,626.9
2	August 2021	Sinochem Macao	Sinochem Group	133 tonnes	US\$82,859
3	September 2021	Sinochem Group	Sinochem Fertilizer	96 tonnes	RMB719,024.64
(e) Purchase and/or sale of sulphur					
1	August 2021	Sinochem Singapore	Sinochem Hebei	55,000 tonnes	US\$11,495,000
2	August 2021	Sinochem Hebei	Sinochem Fertilizer	55,000 tonnes	RMB85,849,500

Payments for fertilizers and other fertilizer raw materials shall mainly be settled by way of payment on delivery or advance payment.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the pricing of the Transactions is negotiated by the parties on an arm's length basis and is determined based on prevailing market rates and normal commercial terms. In determining the prevailing market rates of fertilizers and other fertilizer raw materials, the parties have taken into account the international bidding price and spot price and the domestic wholesale price at port and factory price, and made reference to the reports published by independent commodity information providers such as Argus Media (<http://www.arguschina.cn>) and Baiinfo (百川盈孚) (<http://baiinfo.com>).

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

During its ordinary and usual course of business, the Group from time to time purchases from and/or sells to Sinochem Group and its subsidiaries fertilizers and other fertilizer raw materials, including import of fertilizers and other fertilizer raw materials through Sinochem Group (as an authorized importer). The continuation of the Transactions with Sinochem Group and its subsidiaries at market rates will bring to the Group sufficient supply of goods and stable sales revenue.

The Directors, including the independent non-executive Directors, are of the view that the Transactions have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors is regarded as having a material interest in the Transactions, and hence none of the Directors has abstained from voting on the Board resolution to approve the continuation of the Transactions.

## **IMPLICATIONS OF THE LISTING RULES**

ChemChina is the indirect controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company. Upon completion of the Strategic Restructuring, ChemChina and Sinochem Group have been wholly owned by Sinochem Holdings. As such, Sinochem Group has become an associate of ChemChina and therefore a connected person of the Company.

Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements (including publication of announcement and annual reporting) under Chapter 14A of the Listing Rules in respect of the Transactions. If the agreements governing the Transactions are renewed or their terms are amended, the Company will comply with all applicable reporting, announcement and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

The Company is principally engaged in the production, procurement and sale of fertilizers and related products in the PRC. The main business comprises research and development, production, procurement, distribution and agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses.

Sinochem Fertilizer, a subsidiary of the Company, is engaged in the production, import, export, distribution, wholesale and retail of fertilizer raw materials and products, as well as research and development and services in the field of fertilizer-related business and products.

Each of Sinochem Macao, Dohigh Trading and Sinochem Singapore is an overseas subsidiary of the Company. Sinochem Macao is principally engaged in sourcing fertilizer products and other related agricultural products for the Group from overseas suppliers. Dohigh Trading is principally engaged in the trading of fertilizers and other agrichemical products. Sinochem Singapore is mainly engaged in the international trade of fertilizers and fertilizer raw materials.

Sinochem Group is a key state-controlled enterprise established in 1950. Sinochem Group's core businesses include: the businesses of energy, chemical, real estate and finance, etc.

Each of Luxi Chemical, Luxi Nitro and Sinochem Hebei is a subsidiary of Sinochem Group. Luxi Chemical is principally engaged in the production and sale of compound fertilizers, complex fertilizers, by-product hydrochloric acid, sulphuric acid, sodium hydroxide, calcium superphosphate, monoammonium phosphate and diammonium phosphate, etc., as well as the sale of sulphur and potassium chloride. Luxi Nitro is principally engaged in the production, wholesale and retail of compound fertilizers, complex fertilizers, bulk blending fertilizers, water soluble fertilizers (such as ammonium nitrate phosphate and urea ammonium nitrate solution), ammonium calcium nitrate, potassium sulphate and related products. Sinochem Hebei is principally engaged in the wholesale of hazardous chemicals, as well as the import and export of various commodities and technologies for itself and as an agent.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“ChemChina”	中國化工集團有限公司 (China National Chemical Corporation Limited), a state-owned enterprise incorporated in the PRC and the indirect controlling shareholder of the Company
“Company”	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Dohigh Trading”	敦尚貿易有限公司 (Dohigh Trading Limited), a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Luxi Chemical”	山東聊城魯西化工第五化肥有限公司 (Shandong Liaocheng Luxi Chemical Fifth Fertilizer Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of Sinochem Group
“Luxi Nitro”	山東聊城魯西硝基複肥有限公司 (Shandong Liaocheng Luxi Nitro Compound Fertilizer Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of Sinochem Group

“Macao”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Sinochem Fertilizer”	中化化肥有限公司 (Sinochem Fertilizer Company Limited), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Sinochem Group”	中國中化集團有限公司 (Sinochem Group Co., Ltd.), a state-owned enterprise incorporated in the PRC
“Sinochem Hebei”	中化河北有限公司 (Sinochem Hebei Co., Ltd.), a limited liability company incorporated in the PRC and a subsidiary of Sinochem Group
“Sinochem Holdings”	中國中化控股有限責任公司 (Sinochem Holdings Corporation Ltd.), a state-owned enterprise established in the PRC, which is wholly owned by SASAC and is the holding company of ChemChina and Sinochem Group
“Sinochem Macao”	中化化肥澳門有限公司 (Sinochem Fertilizer Macao Limited), a limited liability company incorporated in Macao and an indirect wholly-owned subsidiary of the Company
“Sinochem Singapore”	Sinochem Fertilizer Singapore Pte. Ltd., a limited liability company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Restructuring”	the strategic restructuring between ChemChina and Sinochem Group as described in the announcements of the Company dated 23 January 2020 and 31 March 2021
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

“Transactions”	various existing transactions entered into between the Group (as a party) and Sinochem Group and its subsidiaries (as the other party) in relation to the purchase and/or sale of fertilizers and other fertilizer raw materials
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	percent

For and on behalf of the Board  
**SINOFERT HOLDINGS LIMITED**  
**Qin Hengde**  
*Executive Director and Chief Executive Officer*

Hong Kong, 16 September 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer), Mr. Feng Mingwei and Mr. Harry Yang; the non-executive director of the Company is Mr. J. Erik Fyrwald (Chairman); and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.*