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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Sinofert Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

### **CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT WITH CANPOTEX AND NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A letter from the Board is set out on pages 7 to 12 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 13 of this circular. A letter from Somerley, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

A notice convening the SGM of Sinofert Holdings Limited to be held in a combination of an in-room meeting at Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and an online virtual meeting via the Tricor e-Meeting System at <https://spot-emeeting.tricor.hk> on 27 April 2022 at 3:00 p.m. is set out on pages 27 to 28 of this circular. Shareholders (other than those who are required to attend the SGM physically to form a quorate meeting) will NOT be able to attend the meeting in person, but may join the meeting via the Tricor e-Meeting System as described under the section headed “Special Arrangements for the Special General Meeting” of this circular. The Company strongly encourages shareholders to exercise their rights to attend and vote at the SGM by electronic facilities. Whether or not you are able to attend and vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, or submit the form of proxy electronically at <https://spot-emeeting.tricor.hk>, in each case as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting via electronic facilities should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

8 April 2022

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## **SPECIAL ARRANGEMENTS FOR THE SPECIAL GENERAL MEETING**

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The Company does not in any way wish to diminish the opportunity available to the shareholders to exercise their rights and to vote, but is conscious of the need to protect the shareholders from possible exposure to the COVID-19 pandemic. To comply with the regulatory requirements and to safeguard the interests of public health and safety, the Company has adopted special arrangements for the SGM to minimize attendance in person, while still enabling shareholders to vote and ask questions. Details of the special arrangements for the SGM are set out below:

### **HOW TO ATTEND AND VOTE**

The SGM will be held with the minimum number of persons present as is required under the Bye-laws of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. No other shareholder, proxy or corporate representative should attend the SGM in person. The Company strongly encourages shareholders to exercise their rights to attend and vote at the SGM by electronic facilities via the Tricor e-Meeting System at <https://spot-emeeting.tricor.hk>.

The Tricor e-Meeting System permits a “split vote” on a resolution. In other words, a shareholder casting his/her/its votes through the Tricor e-Meeting System does not have to vote all of his/her/its Shares in the same way (“**For**” or “**Against**”). In the case of a proxy, he/she can vote such number of Shares in respect of which he/she has been appointed as a proxy. Votes cast through the Tricor e-Meeting System are irrevocable once the votes have been casted. The Tricor e-Meeting System will be opened for registered shareholders and non-registered shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the SGM and can be accessed from any location with internet connection by a smartphone, tablet device or computer.

### **LOGIN DETAILS FOR REGISTERED SHAREHOLDERS**

Through the Tricor e-Meeting System, registered shareholders will be able to view the live video broadcast and participate in voting and submit questions online. Each registered shareholder’s login username and password, together with the instructions to access the Tricor e-Meeting System, will be included in a separate notification letter to registered shareholders which will be despatched on or before 14 April 2022.

### **LOGIN DETAILS FOR NON-REGISTERED SHAREHOLDERS**

Non-registered shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited (collectively the “**Intermediary**”) may also be able to attend the SGM, vote and submit questions online via the Tricor e-Meeting System. In this regard, they should:

- (1) contact and instruct their Intermediary to appoint themselves as proxy or corporate representative to attend the SGM; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

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## **SPECIAL ARRANGEMENTS FOR THE SPECIAL GENERAL MEETING**

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Details regarding the SGM arrangements including login details and instructions to access the Tricor e-Meeting System will be sent by the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, to the email address of the non-registered shareholders provided by the Intermediary. Any non-registered shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 5:00 p.m. on 26 April 2022 should reach out to Tricor Secretaries Limited for assistance. Without the login details, non-registered shareholders will not be able to participate and vote using the Tricor e-Meeting System. Non-registered shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

**Registered and non-registered shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the SGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.**

### **APPOINTMENT OF PROXY**

Whether or not you are able to attend and vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or submit the form of proxy electronically at <https://spot-emeeting.tricor.hk>, in each case as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting via electronic facilities should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

Registered shareholders submitting the form of proxy are requested to provide a valid email address of their proxy (except for the appointment of the chairman of the SGM as their proxy) for the proxy to receive the login username and password, together with relevant instructions to participate online via the Tricor e-Meeting System.

Non-registered shareholders should contact their Intermediary as soon as possible for assistance in the appointment of proxy.

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## **SPECIAL ARRANGEMENTS FOR THE SPECIAL GENERAL MEETING**

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### **QUESTIONS FROM SHAREHOLDERS**

If any shareholder has any question about any resolution or about the Company, or has any matter for communication with the Board, shareholders attending the SGM using the Tricor e-Meeting System will be able to submit questions relevant to the proposed resolution(s) online during the SGM. He/She is also welcome to send such question or matter in writing to our principal place of business in Hong Kong or to our email at [ir\\_sinofert@sinochem.com](mailto:ir_sinofert@sinochem.com).

If any shareholder has any question relating to the SGM, please contact Tricor Secretaries Limited, the branch share registrar and transfer office of the Company in Hong Kong as follows:

Tricor Secretaries Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Email: [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com)  
Tel: (852) 2980 1333

### **CHANGES TO ARRANGEMENTS**

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to adopt further changes to the SGM arrangements at a short notice. Shareholders are advised to check the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.sinofert.com>) for the latest announcement and information relating to the SGM.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Bye-law(s)”	the bye-law(s) of the Company, as amended, modified or otherwise supplemented from time to time
“Canpotex”	Canpotex Limited, a company incorporated in Canada, which is held as to 50% by Nutrien
“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
“Director(s)”	the director(s) of the Company
“Export Contract”	the export contract dated 3 March 2022 entered into between Sinochem Macao and Canpotex, as further described in the announcement of the Company dated 3 March 2022
“Framework Agreement”	the framework agreement for the supply of potash dated 8 March 2022 entered into between Sinochem Macao and Canpotex
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to consider the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap

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## DEFINITIONS

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“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap
“Independent Shareholders”	shareholders other than Nutrien and its associates
“Latest Practicable Date”	1 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macao”	The Macao Special Administrative Region of the PRC
“MOU”	the memorandum of understanding dated 28 December 2017 entered into between Sinochem Macao and Canpotex
“Nutrien”	Nutrien Ltd., a corporation incorporated in Canada with its shares listed on the Toronto Stock Exchange and the New York Stock Exchange, and an indirect substantial shareholder of the Company
“PRC”	the People’s Republic of China, which for the purposes of this circular only, excludes Hong Kong, Macao and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held in a combination of an in-room meeting at Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and an online virtual meeting via the Tricor e-Meeting System at <a href="https://spot-emeeting.tricor.hk">https://spot-emeeting.tricor.hk</a> on 27 April 2022 at 3:00 p.m. or any adjournment thereof, the notice of which is set out on pages 27 to 28 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

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## DEFINITIONS

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“shareholder(s)”	registered holder(s) of Shares
“Sinochem Macao”	中化化肥澳門有限公司 (Sinochem Fertilizer Macao Limited, formerly known as 中化化肥澳門離岸商業服務有限公司 (Sinochem Fertilizer Macao Commercial Offshore Limited)), a company incorporated in Macao on 16 November 2004, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	percent



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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

QIN Hengde (*Chief Executive Officer*)  
FENG Mingwei  
Harry YANG

*Non-executive Director:*

J. Erik FYRWALD (*Chairman*)

*Independent Non-executive Directors:*

KO Ming Tung, Edward  
LU Xin  
TSE Hau Yin, Aloysius

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Principal place of business:*

Unit 4705, 47th Floor  
Office Tower  
Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

8 April 2022

*To: the shareholders*

Dear Sir or Madam,

### CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT WITH CANPOTEX

#### INTRODUCTION

Reference is made to the announcement of the Company dated 8 March 2022 in relation to the Framework Agreement entered into between Sinochem Macao, an indirect wholly-owned subsidiary of the Company, and Canpotex. The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company, and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with (i) further information on the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 28 December 2017 in relation to the MOU entered into between Sinochem Macao and Canpotex for the supply of potash by Canpotex to Sinochem Macao. The MOU expired on 31 December 2020.

On 8 March 2022, Sinochem Macao and Canpotex entered into the Framework Agreement, pursuant to which Sinochem Macao will continue to purchase potash from Canpotex for a term up to 31 December 2022.

#### **Principal Terms of the Framework Agreement**

##### *Date*

8 March 2022

##### *Parties*

- (a) Sinochem Macao
- (b) Canpotex

##### *Nature of transactions*

Pursuant to the Framework Agreement, Canpotex has agreed to sell and Sinochem Macao has agreed to purchase approximately 600,000 tonnes (+/- 10% at seller's option) of potash produced in Canada during the term of the Framework Agreement.

##### *Pricing*

Products to be supplied under the Framework Agreement will consist of one or more grades of potash. The unit price of red standard grade potash shall be US\$590 per tonne, and the unit price of other grades of potash shall be determined through mutual negotiations between the parties.

Prices of potash (including the fixed price of red standard grade potash and prices of other grades of potash to be further negotiated between the parties) have been and will be determined with reference to the prevailing international market potash prices and competitive sea import prices to the PRC.

In determining such prices, the parties generally make reference to the reports published by certain independent commodity information providers such as Argus Media ([www.argusmedia.com](http://www.argusmedia.com)) and Baiinfo (百川盈孚, [www.baiinfo.com](http://www.baiinfo.com)). Such reports, usually updated on a regular basis and available to the Group by subscription, provide up to date information on market trend and prevailing market prices. In addition, the Group maintains regular contacts with domestic and overseas potash producers, distributors and traders, keeping abreast of the latest international and domestic market prices.

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## LETTER FROM THE BOARD

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When determining the prices and quantities of the transactions with Canpotex, the Group usually makes reference to the prices under its long-term agreements with independent suppliers and takes into account the demand of its downstream customers. The Group will check the latest prices published by Argus Media and Baiinfo, and compare the prices, quantities, types and specifications of potash offered by Canpotex with those offered by independent suppliers, so as to ensure that the prices offered by Canpotex are consistent with the latest prices published by Argus Media and Baiinfo, and are no less favourable than the prices offered by independent suppliers. Such information will be reported to the manager of the potash department, and then submitted to the vice president in charge of the potash business for approval.

As the procurement and approval process involves reference to industry reports as well as up to date market prices as mentioned above, the Company considers that the methods and procedures adopted above can ensure that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

### *Payment*

Payments shall be settled by way of irrevocable letter of credit, which is in line with the Group's existing payment practice with independent suppliers.

### *Delivery*

The loading port(s) for the potash shipped under the Framework Agreement shall be Vancouver, British Columbia, Canada, and/or Portland, Oregon, the United States of America, or such other ports as shall be designated by Canpotex. The potash shipped under the Framework Agreement shall be discharged at one or two main ports in the PRC to be further confirmed by the parties for each shipment.

### *Term and termination*

The Framework Agreement shall become effective after the approval from the Independent Shareholders is obtained at the SGM, and shall expire on 31 December 2022. If the approval from the Independent Shareholders is not obtained on or before 15 May 2022, the Framework Agreement shall be terminated automatically.

In the event that Sinochem Macao purchases any potash from Canpotex before obtaining the approval from the Independent Shareholders at the SGM, the Company will comply with the relevant requirements under the Listing Rules in a timely manner with respect to each particular purchase.

### **Annual Cap**

The annual cap for the year ending 31 December 2022 in respect of the continuing connected transactions contemplated under the Framework Agreement is US\$396,000,000. Such annual cap is determined based on the maximum quantity of potash to be supplied by Canpotex (i.e. 660,000 tonnes) pursuant to the Framework Agreement and the prices of

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## LETTER FROM THE BOARD

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different grades of potash (including the fixed price of US\$590 per tonne of red standard grade potash prescribed under the Framework Agreement and the estimated prices of other grades of potash).

The historical amount of such continuing connected transactions for the year ended 31 December 2020 was approximately US\$81,985,000, which is substantially lower than the annual cap for the year ending 31 December 2022. Such difference is mainly due to (i) the tightened international supply of potash in 2020 which resulted in the low purchase volume of potash from Canpotex during the same period, and (ii) the low international market price of potash in 2020 which was around US\$220 per tonne.

As Sinochem Macao and Canpotex did not reach a consensus on the import price of potash after the expiry of the MOU, Sinochem Macao did not import any potash from Canpotex during the year ended 31 December 2021 and the two months ended 28 February 2022. As a result, the Group's inventory level of potash has fallen to a recent years' low, but the demand of downstream customers for potash has continued to increase. As such, the Group intends to increase its import of potash to replenish its inventory level and cater for the increase in demand from downstream customers.

Sinochem Macao has resumed its purchase from Canpotex in March 2022 (please refer to the announcement of the Company dated 3 March 2022 in relation to Sinochem Macao's purchase of no more than 77,000 tonnes of potash from Canpotex pursuant to the Export Contract). After the Framework Agreement takes effect, the transaction amount under the Export Contract will be included in the above annual cap for the transactions under the Framework Agreement.

### **Reasons for and Benefits of the Continuing Connected Transactions**

By entering into the Framework Agreement, the Group will further enrich its operational resources and ensure a stable supply of the relatively rare mineral fertilizer of potash. The production of potash in the PRC falls short of domestic demand. Each year the PRC needs to import considerable quantities of potash to meet the increasing demand of potash for domestic agricultural production. The import of potash products from Canpotex under the Framework Agreement will help enrich the operational resources of the Group.

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the Framework Agreement 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 the shareholders as a whole, and that the annual cap for the continuing connected transactions contemplated under the Framework Agreement is fair and reasonable.

None of the Directors is regarded as having a material interest in the Framework Agreement and the transactions contemplated thereunder, and hence none of the Directors has abstained from voting on the Board resolution to approve the Framework Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### **Implications of the Listing Rules**

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Nutrien indirectly holds approximately 22.26% equity interest in the Company, and is therefore an indirect substantial shareholder of the Company. Canpotex, owned as to 50% by Nutrien, is an associate of Nutrien, and is therefore a connected person of the Company. As such, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the relevant applicable percentage ratios in respect of the annual cap of the continuing connected transactions contemplated under the Framework Agreement are more than 5%, such transactions are subject to the reporting, announcement, annual review and 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 provision of agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses.

Sinochem Macao is principally engaged in sourcing fertilizer products and other related agricultural products for the Group from overseas.

Canpotex is a joint venture owned by two large potash producers, Nutrien (a company listed on the Toronto Stock Exchange and the New York Stock Exchange) and The Mosaic Company (a company listed on the New York Stock Exchange), with each shareholder having an equal ownership in Canpotex. Canpotex is one of the world's largest suppliers of potash, and is principally engaged in offshore marketing of potash products for its two shareholders.

### **SGM**

An ordinary resolution approving the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap will be proposed at the SGM.

In view of Nutrien's interests in the transactions under the Framework Agreement, Nutrien and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the SGM to approve the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap.

A notice convening the SGM to be held in a combination of an in-room meeting at Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and an online virtual meeting on 27 April 2022 at 3:00 p.m. is set out on pages 27 to 28 of this circular. Shareholders (other than those who are required to attend the SGM physically to form a quorate meeting) will NOT be able to attend the meeting in person, but may join the meeting via the Tricor e-Meeting System as described under the section headed

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## LETTER FROM THE BOARD

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“Special Arrangements for the Special General Meeting” of this circular. The Company strongly encourages shareholders to exercise their rights to attend and vote at the SGM by electronic facilities.

A form of proxy for the SGM is enclosed herewith. Whether or not shareholders are able to attend and vote at the SGM, they are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, or submit the form of proxy electronically at <https://spot-meeting.tricor.hk>, in each case as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy as instructed will not prevent shareholders from subsequently attending and voting at the SGM or any adjourned meeting via electronic facilities should they so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### RECOMMENDATION

The Directors consider that the proposed resolution set out in the notice of the SGM is in the best interests of the Company and the shareholders as a whole. The Directors therefore recommend the shareholders to vote in favour of the resolution set out in the notice of the SGM.

### FURTHER INFORMATION

The Independent Board Committee comprising all three independent non-executive Directors has been appointed to advise the Independent Shareholders in respect of the Framework Agreement, the transactions contemplated thereunder and the proposed annual cap. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on page 13 of this circular, which contains its advice to the Independent Shareholders, and the letter from Somerley set out on pages 14 to 22 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders. Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**Sinofert Holdings Limited**  
**Qin Hengde**  
*Executive Director and Chief Executive Officer*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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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)**

8 April 2022

*To: the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
UNDER THE FRAMEWORK AGREEMENT WITH CANPOTEX**

We refer to the circular of the Company dated 8 April 2022 (the “**Circular**”) to the shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. In this connection, Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap).

We wish to draw your attention to the letter from the Board set out on pages 7 to 12 of the Circular, and the letter from Somerley to the Independent Board Committee and the Independent Shareholders set out on pages 14 to 22 of the Circular which contains its opinion in respect of the Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap).

Having taken into account the advice of Somerley and its recommendation in relation thereto, we consider that the Framework Agreement and the transactions contemplated thereunder (including the proposed annual cap) are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the relevant resolution set out in the notice of the SGM.

Yours faithfully,  
Independent Board Committee of  
**Sinofert Holdings Limited**  
**Tse Hau Yin, Aloysius**  
**Ko Ming Tung, Edward**  
**Lu Xin**

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## LETTER FROM SOMERLEY

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*The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**  
20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

8 April 2022

*To: the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT WITH CANPOTEX**

#### **INTRODUCTION**

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the purchases of potash (the “**Potash Imports**”) by Sinochem Macao from Canpotex pursuant to the terms of the Framework Agreement for the year ending 31 December 2022, including the proposed annual cap (the “**Annual Cap**”) (the “**Continuing Connected Transactions**”), for which the Independent Shareholders’ approval is being sought. Details of the Continuing Connected Transactions and the Annual Cap are contained in the circular of the Company to the Shareholders dated 8 April 2022 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Nutrien indirectly holds approximately 22.26% equity interest in the Company, and is therefore an indirect substantial shareholder of the Company. Canpotex, which is owned as to 50% by Nutrien, is an associate of Nutrien, and is therefore a connected person of the Company. As such, the transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Given that the relevant applicable percentage ratios in respect of the Annual Cap are more than 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the Continuing Connected Transactions (including the Annual Cap). In view of Nutrien’s interests in the Framework Agreement, Nutrien and its associates are required to abstain from voting on the resolution to be proposed at the SGM to approve the Continuing Connected Transactions (including the Annual Cap).



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## LETTER FROM SOMERLEY

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The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius, has been established to advise the Independent Shareholders as to whether the terms of the Continuing Connected Transactions (including the Annual Cap) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, Somerley has acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to certain connected transactions of the Group, details of which were set out in the circulars of the Company dated 2 September 2020, 3 December 2020, 14 September 2021 and 13 December 2021. The past engagements were limited to providing independent advisory services to the independent board committee and independent shareholders of the Company pursuant to the Listing Rules, for which Somerley received normal professional fees from the Company. As such, we are of the view that the past engagements would not affect the objectivity of our advice to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transactions (including the Annual Cap). Notwithstanding the past engagements, as at the Latest Practicable Date, there were no relationships or interests between (a) Somerley and (b) the Group, Canpotex and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the SGM. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, Canpotex or any of their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

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## LETTER FROM SOMERLEY

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the Continuing Connected Transactions (including the Annual Cap), we have taken the following principal factors and reasons into consideration:

#### **The Framework Agreement**

##### ***1. Information on Sinochem Macao and Canpotex***

###### *The Group*

The Group is principally engaged in the production, procurement and sale of fertilizers and related products in the PRC. Its main business comprises research and development, production, procurement, distribution and provision of agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses. Shares of the Company are listed on the Stock Exchange and the Company had a market capitalisation of approximately HK\$9.3 billion as at the Latest Practicable Date.

The Group's total revenue was approximately RMB21.4 billion in 2020, and increased further by approximately 5.9% to approximately RMB22.6 billion in 2021. Potash fertilizer is one of the major products of the Group, contributing approximately RMB3.4 billion in revenue (or approximately 15.1% of total revenue) in 2021. Profit attributable to owners of the Company grew by approximately 34.6% to approximately RMB866.6 million during the same period. According to the Company's 2021 annual results announcement, the continuous growth in revenue and profit was mainly due to (i) rise in market price of fertilizer products, and (ii) the Group's increased efforts in strategic procurement, serving customers and business models innovations.

###### *Sinochem Macao*

Sinochem Macao is incorporated in Macao. As an indirect wholly-owned subsidiary of the Company, Sinochem Macao is principally engaged in sourcing fertilizer products and other related agricultural products for the Group from overseas suppliers.

###### *Canpotex*

Canpotex is a joint venture owned by two large potash producers, Nutrien (a company listed on the Toronto Stock Exchange and the New York Stock Exchange) and The Mosaic Company (a company listed on the New York Stock Exchange), with each shareholder having an equal ownership in Canpotex. Canpotex is one of the world's largest suppliers of potash, and is principally engaged in offshore marketing of potash products for its shareholders.

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## LETTER FROM SOMERLEY

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### **2. Background to and reasons for the Potash Imports**

As production of potash in the PRC falls short of domestic demand, the PRC imports considerable quantities of potash to meet the increasing demand for domestic agriculture every year. The import of potash products from Canpotex under the Framework Agreement will help enrich the operational resources of the Group and ensure a stable supply of potash.

The previous supply of potash by Canpotex to the Group was governed by the MOU dated 28 December 2017 (the “**2017 MOU**”) for a term of three years from 2018 to 2020, as approved by the then independent shareholders at a shareholders’ meeting held on 2 March 2018. As advised by the management of the Group, given Sinochem Macao and Canpotex did not reach a consensus on the import price of potash after the expiry of the 2017 MOU on 31 December 2020, Sinochem Macao and Canpotex did not enter into any memorandum of understanding with respect to the supply of potash in 2021.

On 3 March 2022, Sinochem Macao and Canpotex entered into an export contract (the “**Export Contract**”) to purchase no more than 77,000 tonnes of potash from Canpotex at a unit price of US\$590 per tonne for a total consideration of no more than US\$45.43 million. Given that the applicable percentage ratios in respect of the Export Contract are more than 0.1% but less than 5%, the transaction is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules, and the Export Contract is effective immediately.

Despite the entering into of the above agreement, purchases of potash from Canpotex is expected to be more than 77,000 tonnes for the year 2022. On 8 March 2022, the Group announced that Sinochem Macao and Canpotex entered into the Framework Agreement, pursuant to which Sinochem Macao has agreed to purchase no more than 660,000 tonnes of potash from Canpotex for a term up to 31 December 2022. Given that the relevant applicable percentage ratios in respect of the Annual Cap are more than 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

### **3. Principal terms of the Potash Imports**

Principal terms of the Framework Agreement are summarised below. For further details, please refer to the section headed “Principal Terms of the Framework Agreement” in the letter from the Board.

#### *General*

Pursuant to the Framework Agreement, Canpotex has agreed to sell and Sinochem Macao has agreed to purchase approximately 600,000 tonnes (+/- 10% at seller’s option) of potash produced in Canada during the term of the Framework Agreement.

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## LETTER FROM SOMERLEY

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### *Term*

The Framework Agreement shall become effective after the approval from the Independent Shareholders is obtained at the SGM, and shall expire on 31 December 2022. If the approval from the Independent Shareholders is not obtained on or before 15 May 2022, the Framework Agreement shall be terminated automatically.

### *Pricing*

Products to be supplied under the Framework Agreement will consist of one or more grades of potash. The unit price of red standard grade potash shall be US\$590 per tonne, and the unit price of other grades of potash shall be determined through mutual negotiations between the parties.

When determining the prices of the transactions with Canpotex, the Group usually makes reference to the prices under its long-term agreements with independent suppliers and takes into account the demand of its downstream customers. Prices of potash (including the fixed price of red standard grade potash and prices of other grades of potash to be further negotiated between the parties) have been and will be determined with reference to the prevailing international market potash prices and competitive sea import prices to the PRC. In determining such prices, the parties generally make reference to the reports published by certain independent commodity information providers (the “**Independent Commodity Information Providers**”), such as Argus Media ([www.argusmedia.com](http://www.argusmedia.com)) and Baiinfo (百川盈孚, [www.baiinfo.com](http://www.baiinfo.com)), so as to ensure that the prices offered by Canpotex are consistent with the latest prices published by the Independent Commodity Information Providers, and are no less favourable than the prices offered by independent suppliers. Such information will be reported to the manager of the potash department, and then submitted to the vice president in charge of the potash business for approval. The reports published by the Independent Commodity Information Providers, which are usually updated on a regular basis and made available to the Group on a subscription basis, provide up-to-date information on market trend and prevailing market prices of fertilizer products, including potash. In addition, the Group maintains regular contacts with domestic and overseas potash producers, distributors and traders, keeping abreast of the latest international and domestic market prices.

### *Payment*

Payments shall be settled by way of irrevocable letter of credit, which is in line with the Group’s existing payment practice with independent suppliers.

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## LETTER FROM SOMERLEY

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### *Comparison on terms of the Framework Agreement with independent third parties*

We have discussed with the management of the Group and reviewed the lists of transactions, summarising transaction details (such as transaction date, parties involved, product descriptions, transaction price and transaction volume) during the period from 1 January 2020 to 31 December 2020, and selected 10 sample contracts (the “**Selected Contracts**”) for the purchases of potash by Sinochem Macao from Canpotex under the 2017 MOU, which are selected on a random basis, provided that there is at least one sample relating to each of the major products under the 2017 MOU. We understand from the management of the Group that Sinochem Macao and Canpotex did not enter into any memorandum of understanding in 2021, and therefore no such comparison on terms for transactions in 2021 was performed.

We compared the Selected Contracts with (i) contracts for similar purchases selected from the lists of transactions from independent third parties that were selected on a random basis in the same period, and/or (ii) the then prevailing market price of the relevant products sourced from the Independent Commodity Information Providers. On the basis of our review, we note that the terms of the Selected Contracts, in particular the pricing terms and credit terms, were on normal commercial terms when compared to the transaction terms between Sinochem Macao and independent third parties at around that time.

#### **4. Annual Cap of the Potash Imports**

##### *Review of historical figures*

Set out below are the historical transaction amounts for the three years ended 31 December 2019, 2020 and 2021:

	<b>For the year ended 31 December</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<i>(US\$ '000)</i>	<i>(US\$ '000)</i>	<i>(US\$ '000)</i>
Historical purchases from			
Canpotex	101,383	81,985	–
Relevant annual caps	260,000	270,000	N/A
Utilisation rates	39.0%	30.4%	N/A

As shown in the above table, purchase of potash by Sinochem Macao from Canpotex decreased by approximately 19.1% from approximately US\$101.4 million in 2019 to approximately US\$82.0 million in 2020. We note that utilisations of the relevant annual caps were low, being approximately 39.0% and 30.4% respectively. As advised by the management of the Group, this was mainly due to the decrease in supply by Canpotex in such period, resulting from the tightened international supply of potash.

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## LETTER FROM SOMERLEY

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After the expiry of the 2017 MOU on 31 December 2020, we understand from the management of the Group that Sinochem Macao did not import any potash from Canpotex in 2021 and the first two months of 2022. Sinochem Macao has resumed its purchase from Canpotex in March 2022, details of which were set out in the announcement of the Company dated 3 March 2022.

### *Assessment of the Annual Cap*

The annual cap in respect of the transactions between Sinochem Macao and Canpotex under the Framework Agreement is US\$396.0 million for the year ending 31 December 2022. In assessing the reasonableness of the Annual Cap, we have discussed with the management of the Group the bases and assumptions underlying the projections for the Potash Imports, which are directly determined based on the agreed maximum volume of 660,000 tonnes of potash and the prices of different grades of potash (including the fixed price of US\$590 per tonne for red standard grade potash prescribed under the Framework Agreement and the estimated prices of other grades of potash).

In arriving at the agreed maximum purchase quantities of potash from Canpotex in 2022, management of the Group has taken into account the Group's latest procurement strategies of potash, that a portion of the purchase quantities is to replenish its inventory level from recent years' low and cater for the anticipated increase in demand from downstream customers. According to the Company's 2021 annual results announcement, the Group's inventory level declined substantially during 2021 and recorded inventories of approximately RMB4,801.5 million as at 31 December 2021, down by approximately 9.8% compared with approximately RMB5,323.1 million as at 31 December 2020. We understand from the management of the Group that the decrease in inventory level was mainly due to the substantial decrease in import quantities of potash in 2021. According to an industry report issued in late 2021 by one of the Independent Commodity Information Providers, the lower import of potash by China in 2021 was mainly due to limited product availability stemming from a low contract price set between China and international suppliers in February 2021. Having considered the Group's efforts in, among others, the agricultural channel marketing, the enrichment of its product range and the enhancement its core channel system, management of the Group expects to increase its purchase of potash from Canpotex to cater for the increase in demand.

In February 2022, Canpotex has reached an agreement with a consortium of China fertilizer companies for standard grade potash shipments through 31 December 2022 at a price of US\$590 per tonne. According to the management of the Group, the estimated purchase prices of potash is determined mainly with reference to the prevailing international market potash price and the abovementioned import price with Canpotex. In this respect, we have compared the estimated prices for potash to the latest international market price levels in February 2022 in the range of US\$600 to US\$625 per tonnes as available from the Independent Commodity Information Providers, and note that they are broadly comparable.

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## LETTER FROM SOMERLEY

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### *General comments*

Generally speaking, in our opinion, it is in the interests of the Group and the Shareholders to determine the Annual Cap in a way that can take into account the prevailing market conditions and accommodate the potential growth of the Group's business and procurement strategies. Given the Group is expected to increase its purchase of potash in 2022 to replenish its inventory level from recent years' low and cater for the anticipated increase in demand from downstream customers, and provided that Canpotex is willing to sell a maximum volume of 660,000 tonnes of potash, we consider that such maximum volume should be adopted when determining the Annual Cap. Having considered (i) the estimated purchase prices of potash, referencing the prevailing international market potash price, and (ii) the Group's estimated purchase quantities of potash, mainly after taking account into the Group's latest procurements strategies, as discussed in the sub-section above, we consider it in the interests of the Group and the Shareholders to determine the Annual Cap in a way that can accommodate the potential growth of the Group's revenue.

### **REPORTING REQUIREMENTS AND CONDITIONS OF THE CONTINUING CONNECTED TRANSACTIONS**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Continuing Connected Transactions are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Continuing Connected Transactions every year and confirm in the Company's annual report whether the Continuing Connected Transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company must engage its auditors to report on the Continuing Connected Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Continuing Connected Transactions:
  - (i) have not been approved by the Board;
  - (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Continuing Connected Transactions involve the provision of goods or services by the Group;

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## LETTER FROM SOMERLEY

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- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and
- (iv) have exceeded the Annual Cap.
- (c) the Company must allow, and ensure that the counterparties to the Continuing Connected Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Continuing Connected Transactions as set out in paragraph (b); and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Cap; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Framework Agreement not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of the transactions and assist to safeguard the interests of the Independent Shareholders.

### OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the Continuing Connected Transactions (including the Annual Cap) are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Continuing Connected Transactions (including the Annual Cap).

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**John Wong**  
*Director*

*Mr. John Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.*



**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. INTEREST IN SECURITIES**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) nor had any interest in the right to subscribe for Shares in the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Directors of the Company had long position in the Shares of the Company as follows:

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Percentage of the issued share capital of the Company</b>
Lu Xin	Beneficial owner	2,900,000	0.041%
Tse Hau Yin, Aloysius	Beneficial owner	3,404,000	0.048%

### 3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Director is also an employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Name of substantial shareholder of the Company</b>	<b>Position in the substantial shareholder of the Company</b>
J. Erik Fyrwald	Syngenta Group Co., Ltd.	Chief executive officer
Qin Hengde	Syngenta Group Co., Ltd.	Chairman of China Region
Feng Mingwei	Syngenta Group Co., Ltd.	Vice chairman of China Region

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

### 5. COMPETING INTERESTS

Mr. Feng Mingwei, an executive Director of the Company, is the vice chairman of the board of directors of Qinghai Salt Lake Industry Co., Ltd. (青海鹽湖工業股份有限公司) ("Qinghai Salt Lake"). Qinghai Salt Lake is a joint stock limited liability company incorporated in the PRC whose shares are traded on the Shenzhen Stock Exchange (stock code: 000792). The principal activities of Qinghai Salt Lake include the development, production and sale of potassium chloride (a form of potash), and the comprehensive development and utilization of salt lake resources.

The board of directors of Qinghai Salt Lake consists of 12 directors. Mr. Feng Mingwei is not involved in the daily production, sale, operation or management of Qinghai Salt Lake. Mr. Feng Mingwei has extensive experience in the fertilizer industry, is aware of his duties and responsibilities as a Director and senior management member of the Company, and is able to devote sufficient time to the business of the Group. The Company believes that Mr. Feng Mingwei is able to exercise his independent judgment in making decisions at the Board meetings and act in the interest of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**6. OTHER ARRANGEMENTS INVOLVING DIRECTORS**

- (a) None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group; and
- (b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) were proposed to be acquired or disposed of by; or (iv) were proposed to be leased to any member of the Group.

**7. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Company since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**8. EXPERT**

The following is the qualification of the expert who has given its opinions or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Somerley	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Somerley:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

**9. GENERAL**

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS ON DISPLAY**

A copy of the Framework Agreement is available on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the website of the Company (<https://www.sinofert.com>) from the date of this circular up to and including the date of the SGM.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of Sinofert Holdings Limited (the “**Company**”) will be held in a combination of an in-room meeting at Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and an online virtual meeting via the Tricor e-Meeting System at <https://spot-meeting.tricor.hk> on 27 April 2022 at 3:00 p.m. or any adjournment thereof, to consider and, if thought fit, pass, with or without modifications, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the Framework Agreement (as defined and described in the circular to the shareholders of the Company dated 8 April 2022 (the “**Circular**”), a copy of which has been produced to the meeting marked “A”) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual cap of the transactions contemplated under the Framework Agreement be and is hereby approved, ratified and confirmed; and
- (c) the directors of the Company or any other person authorized by the directors of the Company be and are hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Framework Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Framework Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

For and on behalf of the Board of

**Sinofert Holdings Limited**

**Qin Hengde**

*Executive Director and Chief Executive Officer*

Hong Kong Special Administrative Region of the People’s Republic of China  
8 April 2022

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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

1. The register of members of the Company will be closed from 22 April 2022 to 27 April 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for voting at the SGM, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 21 April 2022.
2. Voting of the ordinary resolution set out in this notice will be by way of poll.
3. In light of the COVID-19 pandemic, the SGM will be held with the minimum number of persons present as is required under the Bye-laws of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. No other shareholder, proxy or corporate representative should attend the SGM in person. The Company strongly encourages shareholders to exercise their rights to attend and vote at the SGM by electronic facilities via the Tricor e-Meeting System at <https://spot-meeting.tricor.hk>.
4. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, or submitted electronically at <https://spot-meeting.tricor.hk>, in each case as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
5. All shareholders will be able to join the SGM via the Tricor e-Meeting System. The Tricor e-Meeting System can be accessed from any location with access to the internet via smartphone, tablet device or computer.
6. Through the Tricor e-Meeting System, registered shareholders will be able to view the live video broadcast and participate in voting and submit questions online. Each registered shareholder's login username and password, together with the instructions to access the Tricor e-Meeting System, will be included in a separate notification letter to registered shareholders which will be despatched on or before 14 April 2022.
7. Non-registered shareholders whose shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the SGM, vote and submit questions online via the Tricor e-Meeting System. In this regard, they should consult directly with their banks, brokers or custodians (as the case may be) for the necessary arrangements.
8. In the case of joint holders of any ordinary share of the Company, only one set of login username and password for the Tricor e-Meeting System will be provided to the joint holders. Any one of such joint holders may attend or vote in respect of such shares as if he were solely entitled thereto.

*As at the date of this notice, 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.*