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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 RENEWAL OF CONTINUING CONNECTED TRANSACTIONS UNDER THE AGRICHEMICAL PURCHASE FRAMEWORK AGREEMENT AND REVISION OF ANNUAL CAP FOR 2018

Reference is made to the announcement of the Company dated 11 December 2017 in relation to, among other things, the Existing Agrichemical Purchase Framework Agreement entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Group (for and on behalf of its subsidiaries). The Existing Agrichemical Purchase Framework Agreement will expire on 31 December 2018. On 26 November 2018, Sinochem Fertilizer and Sinochem Group (for and on behalf of its subsidiaries) entered into the New Agrichemical Purchase Framework Agreement, pursuant to which the subsidiaries of Sinochem Group will continue to sell certain agrichemical, seed and other related products to Sinochem Fertilizer during the period from 1 January 2019 to 31 December 2019 (both days inclusive).

In addition, the Company estimates that the transaction amount under the Existing Agrichemical Purchase Framework Agreement for the year ending 31 December 2018 will exceed the Original Annual Cap. As such, the Company intends to revise the annual cap for the year ending 31 December 2018 for the transactions under the Existing Agrichemical Purchase Framework Agreement. As at the date of this announcement, the transaction amount of the continuing connected transactions under the Existing Agrichemical Purchase Framework Agreement has not exceeded the Original Annual Cap.

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Existing Agrichemical Purchase Framework Agreement and the New Agrichemical Purchase Framework Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the revised annual cap for 2018 under the Existing Agrichemical Purchase Framework Agreement and the annual cap for 2019 under the New Agrichemical Purchase

Framework Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 11 December 2017 in relation to, among other things, the Existing Agrichemical Purchase Framework Agreement entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Group (for and on behalf of its subsidiaries). The Existing Agrichemical Purchase Framework Agreement will expire on 31 December 2018. On 26 November 2018, Sinochem Fertilizer and Sinochem Group (for and on behalf of its subsidiaries) entered into the New Agrichemical Purchase Framework Agreement, pursuant to which the subsidiaries of Sinochem Group will continue to sell certain agrichemical, seed and other related products to Sinochem Fertilizer during the period from 1 January 2019 to 31 December 2019 (both days inclusive).

In addition, the Company estimates that the transaction amount under the Existing Agrichemical Purchase Framework Agreement for the year ending 31 December 2018 will exceed the Original Annual Cap. As such, the Company intends to revise the annual cap for the year ending 31 December 2018 for the transactions under the Existing Agrichemical Purchase Framework Agreement. As at the date of this announcement, the transaction amount of the continuing connected transactions under the Existing Agrichemical Purchase Framework Agreement has not exceeded the Original Annual Cap.

PRINCIPAL TERMS OF THE NEW AGRICHEMICAL PURCHASE FRAMEWORK AGREEMENT

Date

26 November 2018

Parties

- (a) Sinochem Fertilizer
- (b) Sinochem Group (for and on behalf of its subsidiaries)

Nature of transactions

Pursuant to the New Agrichemical Purchase Framework Agreement, the subsidiaries of Sinochem Group will continue to sell certain agrichemical, seed and other related products to Sinochem Fertilizer.

Pricing

Pursuant to the New Agrichemical Purchase Framework Agreement, prices of agrichemical, seed and other related products shall be determined with reference to fair market prices of the products within the PRC at the time when Sinochem Fertilizer submits its purchase plan for the relevant products.

In determining the fair market price for agrichemical, seed and other related products, the Group generally makes reference to weekly reports published by certain independent commodity information providers such as Baichuan (百川資訊). Such reports, usually updated on a weekly basis and available to the Group by subscription, provide up to date information on market trend and prevailing market prices. The Group also refers to the China Pesticide Information Network, the website of the Institute for the Control of Agrochemicals, the Ministry of Agriculture of the PRC, for the regulatory updates and latest news of the agrichemical industry. In addition, the Group maintains regular contacts with producers, distributors and traders of agrichemical, seed and other related products, keeping abreast of the latest prices of agrichemical, seed and other related products.

The Group usually obtains reference prices from three or more suppliers before placing a purchase order with the relevant subsidiary of Sinochem Group. The Group also takes into account the demand of its downstream customers when determining the prices of the transactions. Such prices will be reported to the manager of the distribution business department of Sinochem Fertilizer, and then submitted to the person in charge of purchase and sale of agrichemical of Sinochem Fertilizer 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

Sinochem Fertilizer shall enter into specific agreements with the relevant subsidiary of Sinochem Group pursuant to the New Agrichemical Purchase Framework Agreement in relation to the type, quantity, price and delivery schedule of the agrichemical, seed and other related products. Payments for agrichemical, seed and other related products shall be made by Sinochem Fertilizer to the relevant subsidiary of Sinochem Group mainly by way of payment on delivery or advance payment.

Term

The term of the New Agrichemical Purchase Framework Agreement is from 1 January 2019 to 31 December 2019 (both days inclusive). Both parties may, on mutual agreement, renew the New Agrichemical Purchase Framework Agreement with the same terms upon the expiry thereof.

ANNUAL CAPS

Revision of annual cap for 2018

Given that transaction amount of the continuing connected transactions under the Existing Agrichemical Purchase Framework Agreement for the ten months ended 31 October 2018 has amounted to approximately RMB9,059,000, and it is expected that the demand of Sinochem Fertilizer will continue to increase during the remaining term of the Existing Agrichemical Purchase Framework Agreement, the Company estimates that the transaction amount under the Existing Agrichemical Purchase Framework Agreement for the year ending 31 December 2018 will exceed the Original Annual Cap. As such, the Company intends to revise the annual cap for the year ending 31 December 2018 for the transactions under the Existing Agrichemical Purchase Framework Agreement from RMB13,500,000 to RMB20,000,000. Such revised annual cap is determined based

on the current transaction amount, and the projected type, purchase volume and market price of agrichemical, seed and other related products.

As at the date of this announcement, the transaction amount of the continuing connected transactions under the Existing Agrichemical Purchase Framework Agreement has not exceeded the Original Annual Cap.

Setting annual cap for 2019

The Company estimates that the annual cap for the year ending 31 December 2019 in respect of the purchase of agrichemical, seed and other related products by Sinochem Fertilizer from the subsidiaries of Sinochem Group will be RMB68,000,000. Such annual cap has been determined based on Sinochem Fertilizer's purchase plans and the projected prices and quantities of purchase of agrichemical, seed and other related products.

The historical amounts of the purchase of agrichemical, seed and other related products by Sinochem Fertilizer from the subsidiaries of Sinochem Group for the two years ended 31 December 2017 and the ten months ended 31 October 2018 were approximately RMB9,059,000, RMB11,407,000 and RMB9,059,000, respectively. Due to the increase in number of downstream customers of the Group, the demand of the Group for agrichemical, seed and other related products have been increasing. As such, the Company estimates that the annual cap for 2019 under the New Agrichemical Purchase Framework Agreement will be substantially higher than the historical figures.

REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

The subsidiaries of Sinochem Group can provide high quality agrichemical, seed and other related products and offer excellent after-sale services, and the products provided are highly recognized and demanded by the market. As such, Sinochem Fertilizer entered into the Existing Agrichemical Purchase Framework Agreement and the New Agrichemical Purchase Framework Agreement with Sinochem Group (for and on behalf of its subsidiaries).

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the Existing Agrichemical Purchase Framework Agreement and the New Agrichemical Purchase 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 its shareholders as a whole, and that the revised annual cap for 2018 under the Existing Agrichemical Purchase Framework Agreement and the annual cap for 2019 under the New Agrichemical Purchase Framework Agreement are fair and reasonable.

Mr. Zhang Wei and Mr. Yang Lin, being Directors of the Company and management members of Sinochem Group, have abstained from voting on the Board resolutions passed to approve the transactions contemplated under the Existing Agrichemical Purchase Framework Agreement and the New Agrichemical Purchase Framework Agreement and the relevant annual caps.

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Pursuant to Chapter

14A of the Listing Rules, the transactions contemplated under the Existing Agrichemical Purchase Framework Agreement and the New Agrichemical Purchase Framework Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the revised annual cap for 2018 under the Existing Agrichemical Purchase Framework Agreement and the annual cap for 2019 under the New Agrichemical Purchase Framework Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under 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 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.

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

DEFINITIONS

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

“Board”	the board of Directors 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(s)”	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
“Existing Agrichemical Purchase Framework Agreement”	the framework agreement dated 11 December 2017 entered into between Sinochem Fertilizer and Sinochem Group in relation to the purchase of agrichemical, seed and other related products, which will expire on 31 December 2018
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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
“New Agrichemical Purchase Framework Agreement”	the framework agreement dated 26 November 2018 entered into between Sinochem Fertilizer and Sinochem Group in relation to the purchase of agrichemical, seed and other related products, which will take effect from 1 January 2019 and expire on 31 December 2019
“Original Annual Cap”	the original annual cap for the continuing connected transactions under the Existing Agrichemical Purchase Framework Agreement for the year ending 31 December 2018 as disclosed in the announcement of the Company dated 11 December 2017
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.10 each in the capital of the Company
“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 and the ultimate controlling shareholder 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
“%”	percent

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

Hong Kong, 26 November 2018

As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company are Mr. Zhang Wei (Chairman) and Mr. Yang Lin; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.

** For identification purposes only*