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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 UNDER THE LEASE CONTRACT (AS EXTENDED BY THE SECOND SUPPLEMENTAL AGREEMENT)

Reference is made to the announcements of the Company dated 28 January 2015 and 23 March 2018 in relation to, among others, the Lease Contract and the First Supplemental Agreement entered into between Sinochem Fertilizer (an indirect wholly-owned subsidiary of the Company) as the lessee and Chemsunny as the lessor for the lease of the Properties by Sinochem Fertilizer as office premises. The Lease Contract (as revised and extended by the First Supplemental Agreement) will expire on 31 December 2018. On 11 December 2018, Sinochem Fertilizer and Chemsunny entered into the Second Supplemental Agreement to further extend the term of the Lease Contract to 31 December 2020.

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Chemsunny is an indirect non-wholly-owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company. Chemsunny is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Lease Contract (as extended by the Second Supplemental Agreement) constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual cap for the continuing connected transactions under the Lease Contract (as extended by the Second Supplemental 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 announcements of the Company dated 28 January 2015 and 23 March 2018 in relation to, among others, the Lease Contract and the First Supplemental Agreement entered into between Sinochem Fertilizer (an indirect wholly-owned subsidiary of the Company) as the lessee and Chemsunny as the lessor for the lease of the Properties by Sinochem Fertilizer as office

premises. The Lease Contract (as revised and extended by the First Supplemental Agreement) will expire on 31 December 2018. On 11 December 2018, Sinochem Fertilizer and Chemsunny entered into the Second Supplemental Agreement to further extend the term of the Lease Contract to 31 December 2020.

PRINCIPAL TERMS OF THE LEASE CONTRACT (AS EXTENDED BY THE SECOND SUPPLEMENTAL AGREEMENT)

Parties

- (a) Sinochem Fertilizer (as the lessee)
- (b) Chemsunny (as the lessor)

Leased Properties

The entire tenth floor of the Central Tower of Chemsunny World Trade Centre, an office building on Fuxingmen Nei Avenue, Xicheng District, Beijing, the PRC. The Properties have a total gross floor area of 4,804.80 square metres, and are used as office premises by Sinochem Fertilizer.

Rentals, Management Fees and Utility Charges

The rentals and the management fees of the Properties are RMB1,921,987.38 and RMB155,310.21 per month, respectively, payable by Sinochem Fertilizer on a quarterly basis. Sinochem Fertilizer shall also make quarterly payments of utility charges for water, electricity, gas, telephone, overtime air-conditioning and other miscellaneous fees actually incurred in respect of the Properties. The rentals shall be paid by Sinochem Fertilizer to Chemsunny, and the management fees and utility charges shall be paid by Sinochem Fertilizer to the property management company designated by Chemsunny.

The rentals and the management fees of the Properties are determined based on arm's length negotiations between the Group and Chemsunny on normal commercial terms. When determining the rentals and the management fees, the Group has made reference to the rates of similar types of properties in the surrounding areas and the rates charged by Chemsunny to other tenants of Chemsunny World Trade Centre. The rentals and the management fees charged by Chemsunny to Sinochem Fertilizer are not higher than the rates charged by Chemsunny to its other tenants.

Term

The term of the Lease Contract is extended by the Second Supplemental Agreement to 31 December 2020.

ANNUAL CAP

The Company estimates that the annual cap (inclusive of the rentals, management fees and utility charges) for the continuing connected transactions under the Lease Contract (as extended by the Second Supplemental Agreement) for each of the two years ending 31 December 2020 will be RMB40,000,000. Such annual cap has been determined based on the amounts of rentals and management fees stipulated in the Lease Contract (as revised by the First Supplemental Agreement

and extended by the Second Supplemental Agreement) and the estimated utility charges during the extended lease term.

The historical amounts of such continuing connected transactions for the two years ended 31 December 2017 and the ten months ended 31 October 2018 were approximately RMB19,972,000, RMB22,740,000 and RMB23,064,000, respectively.

REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

Chemsunny World Trade Centre is a high-end office building, located on Fuxingmen Nei Avenue within Beijing's financial district, in close proximity to two main subway lines. Sinochem Fertilizer has been using the Properties in Chemsunny World Trade Centre as its office premises. The Directors consider that it is in the best interest of the Group to continue to lease the Properties from Chemsunny and it is necessary for and conducive to the daily operations of Sinochem Fertilizer.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions under the Lease Contract (as extended by the Second Supplemental 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 under the Lease Contract (as extended by the Second Supplemental Agreement) is 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 relevant Board resolution to approve the transactions contemplated under the Lease Contract (as extended by the Second Supplemental Agreement).

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Chemsunny is an indirect non-wholly-owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company. Chemsunny is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Lease Contract (as extended by the Second Supplemental Agreement) constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual cap for the continuing connected transactions under the Lease Contract (as extended by the Second Supplemental 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.

Chemsunny is principally engaged in the development, construction and sale of properties, the management of self-owned properties, the lease of self-owned office spaces and the provision of carpark services for motor vehicles.

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
“Chemsunny”	北京凱晨置業有限公司 (Beijing Chemsunny Property Company Limited), a limited liability company incorporated in the PRC and an indirect non-wholly-owned subsidiary of Sinochem Group
“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
“First Supplemental Agreement”	the supplemental agreement to the Lease Contract entered into between Sinochem Fertilizer and Chemsunny on 23 March 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
“Lease Contract”	the lease contract entered into between Sinochem Fertilizer and Chemsunny on 28 January 2015 in relation to the lease of the Properties

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Properties”	the entire tenth floor of the Central Tower of Chemsunny World Trade Centre, an office building on Fuxingmen Nei Avenue, Xicheng District, Beijing, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the supplemental agreement to the Lease Contract entered into between Sinochem Fertilizer and Chemsunny on 11 December 2018
“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, 11 December 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*