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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 MAJOR AND CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

Given that the Group currently has sufficient bank deposits and cash, but has not identified any proper project for investment, the Group intends to make certain risk-controllable financial investments with its surplus funds according to its cash management policies, so as to obtain appropriate investment returns. In this connection, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company (as the lender), intends to enter into the Entrusted Loan Contract with Sinochem Agriculture (as the borrower) and Sinochem Finance (as the lending agent), pursuant to which Sinochem Fertilizer will provide the Entrusted Loan in a total principal amount of not more than RMB1 billion to Sinochem Agriculture through Sinochem Finance. Meanwhile, Sinochem Fertilizer (as the lender) intends to enter into the Agreement for the Use of Fund with Sinochem Agriculture and Sinochem Corporation (each as a borrower), pursuant to which Sinochem Fertilizer will further provide the Fund in a total amount of not more than RMB1.1 billion to Sinochem Agriculture and Sinochem Corporation.

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Each of Sinochem Agriculture and Sinochem Corporation is a subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company. Accordingly, each of Sinochem Agriculture and Sinochem Corporation is a connected person of the Company. Therefore, the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund in aggregate are more than 5%, such transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund in aggregate are more than 25% but less than 100%, such transactions also constitute a major transaction of the Company under Chapter

14 of the Listing Rules and are subject to the reporting, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund. An Independent Board Committee of the Company has been formed to advise the Independent Shareholders in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund. Somerley Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, the details of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice to convene the SGM, will be dispatched by the Company to its shareholders. As additional time is required to prepare and finalize certain information for inclusion in the circular, the Company will dispatch the circular to its shareholders on or around 5 December 2018.

Upon approval by the Independent Shareholders at the SGM, Sinochem Fertilizer will enter into the Entrusted Loan Contract with Sinochem Agriculture and Sinochem Finance, and Sinochem Fertilizer will enter into the Agreement for the Use of Fund with Sinochem Agriculture and Sinochem Corporation.

## BACKGROUND

Given that the Group currently has sufficient bank deposits and cash, but has not identified any proper project for investment, the Group intends to make certain risk-controllable financial investments with its surplus funds according to its cash management policies, so as to obtain appropriate investment returns. In this connection, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company (as the lender), intends to enter into the Entrusted Loan Contract with Sinochem Agriculture (as the borrower) and Sinochem Finance (as the lending agent), pursuant to which Sinochem Fertilizer will provide the Entrusted Loan in a total principal amount of not more than RMB1 billion to Sinochem Agriculture through Sinochem Finance. Meanwhile, Sinochem Fertilizer (as the lender) intends to enter into the Agreement for the Use of Fund with Sinochem Agriculture and Sinochem Corporation (each as a borrower), pursuant to which Sinochem Fertilizer will further provide the Fund in a total amount of not more than RMB1.1 billion to Sinochem Agriculture and Sinochem Corporation.

## PRINCIPAL TERMS OF THE ENTRUSTED LOAN CONTRACT

<b>Parties</b>	:	(a) Sinochem Fertilizer (as the lender);
		(b) Sinochem Agriculture (as the borrower); and
		(c) Sinochem Finance (as the lending agent).
<b>Total principal amount</b>	:	Not more than RMB1 billion of a revolving nature. Sinochem Agriculture may re-borrow any portion of the total principal amount of the Entrusted Loan that has been repaid or prepaid.
<b>Interest rate</b>	:	4.385% per annum.

- Term** : Upon approval by the Independent Shareholders at the SGM, Sinochem Fertilizer will enter into the Entrusted Loan Contract with Sinochem Agriculture and Sinochem Finance. The Entrusted Loan Contract shall become effective from the date of execution, with a term of one year. Sinochem Agriculture shall make a withdrawal application to Sinochem Fertilizer in writing through Sinochem Finance during the term of the Entrusted Loan Contract and within the total principal amount of the Entrusted Loan. Sinochem Finance shall issue a certificate for the release of each loan at the time of its release, setting out the amount of each loan, date of release and maturity date. The maturity date of each loan shall not exceed the term of the Entrusted Loan Contract.
- Repayment** : Sinochem Agriculture shall repay the principal of each loan to Sinochem Fertilizer through Sinochem Finance on the maturity date of such loan, and shall pay any interest accrued on such loan to Sinochem Fertilizer through Sinochem Finance on a quarterly basis. Sinochem Agriculture may, by serving a prior written notice of two business days to Sinochem Fertilizer and upon obtaining the written consent from Sinochem Fertilizer, repay the principal of the Entrusted Loan and any interest accrued thereon, in whole or in part, prior to the maturity date. In addition, Sinochem Fertilizer may, by serving a prior written notice of five business days to Sinochem Agriculture, require Sinochem Agriculture to repay the principal of the Entrusted Loan and any interest accrued thereon, in whole or in part, prior to the maturity date.
- Use of proceeds** : Sinochem Agriculture shall use the Entrusted Loan for its daily working capital, including the procurement and storage of autumn grain crops.
- Handling fee** : The handling fee shall include a fixed handling fee calculated at 0.005% of the total principal amount of the Entrusted Loan, and a floating handling fee calculated at 0.03% of the total principal amount of the Entrusted Loan, subject to a cap of the floating handling fee of no more than RMB300,000.
- The pricing and payment of the handling fee will be incorporated in and governed by the financial services framework agreement dated 9 December 2016 and its supplemental agreement dated 17 January 2018 entered into between the Company and Sinochem Finance, and the handling fee will be subject to the annual caps under such agreements (please refer to the announcements of the Company dated 9 December 2016 and 17 January 2018 for details).
- Other provisions** : Sinochem Agriculture shall provide its business operation reports or financial reports to Sinochem Fertilizer on a monthly basis, and shall provide detailed information concerning the use of each loan to Sinochem Fertilizer at the time of applying for such loan. Sinochem Fertilizer shall have the right to decide whether to release the loan to Sinochem Agriculture based on the information provided by it. If, during the term of the Entrusted Loan Contract, Sinochem Agriculture intends to invest any project, its investment amount in which will exceed 25% of its total assets value, Sinochem Agriculture shall obtain a prior written consent from Sinochem Fertilizer for its investment in such project.
- Liabilities for breach of contract** : If Sinochem Agriculture fails to perform its obligations under the Entrusted Loan Contract, Sinochem Fertilizer shall have the right to instruct Sinochem Finance to cease the release of the Entrusted Loan to Sinochem Agriculture and to require Sinochem Agriculture to repay the principal of the Entrusted Loan that has been released and any interest accrued thereon prior to the maturity date. In addition, if Sinochem Agriculture is unable to repay the principal of the Entrusted Loan and any interest accrued thereon as scheduled or fails to use the

Entrusted Loan in accordance with the use specified in the Entrusted Loan Contract, Sinochem Fertilizer shall also have the right to impose on Sinochem Agriculture an additional interest of 50% on the overdue amount or the amount used in breach of the Entrusted Loan Contract.

## **PRINCIPAL TERMS OF THE AGREEMENT FOR THE USE OF FUND**

- Parties** : (a) Sinochem Fertilizer (as the lender);
- (b) Sinochem Agriculture (as the borrower); and
- (c) Sinochem Corporation (as the borrower).
- Total amount of the Fund** : Not more than RMB1.1 billion of a revolving nature. Sinochem Agriculture and/or Sinochem Corporation may re-borrow any portion of the total amount of the Fund that has been repaid or prepaid.
- Interest rate** : The interest rate for the use of the Fund by Sinochem Agriculture is 4.5675% per annum, and the interest for the use of the Fund by Sinochem Corporation is 3.915% per annum.
- Term** : Upon approval by the Independent Shareholders at the SGM, Sinochem Fertilizer will enter into the Agreement for the Use of Fund with Sinochem Agriculture and Sinochem Corporation. The Agreement for the Use of Fund shall become effective from the date of execution, with a term of one year. Sinochem Agriculture and/or Sinochem Corporation shall make a withdrawal application to Sinochem Fertilizer in writing during the term of the Agreement for the Use of Fund and within the total amount of the Fund. Sinochem Fertilizer shall issue a written confirmation for the release of each fund at the time of its release, setting out the amount of each fund, date of release and maturity date. The maturity date of each fund shall not exceed the term of the Agreement for the Use of Fund.
- Repayment** : Sinochem Agriculture and/or Sinochem Corporation shall repay each fund to Sinochem Fertilizer on the maturity date of such fund, and shall pay any interest accrued on such fund to Sinochem Fertilizer on a quarterly basis. Sinochem Agriculture and/or Sinochem Corporation may, by serving a prior written notice of two business days to Sinochem Fertilizer and upon obtaining the written consent from Sinochem Fertilizer, repay the Fund and any interest accrued thereon, in whole or in part, prior to the maturity date. In addition, Sinochem Fertilizer may, by serving a prior written notice of five business days to Sinochem Agriculture and/or Sinochem Corporation, require Sinochem Agriculture and/or Sinochem Corporation to repay the Fund and any interest accrued thereon, in whole or in part, prior to the maturity date.
- Use of proceeds** : Sinochem Agriculture shall use the Fund for its equity investment in the sectors of agricultural materials and agricultural services, and Sinochem Corporation shall use the Fund for its daily working capital.
- Other provisions** : Sinochem Agriculture and/or Sinochem Corporation shall provide detailed information concerning the use of each fund to Sinochem Fertilizer at the time of applying for such fund. Sinochem Fertilizer shall have the right to decide whether to release the fund to Sinochem Agriculture and/or Sinochem Corporation based on the information provided by the relevant party(ies). If, during the term of the Agreement for the Use of Fund, Sinochem Agriculture

intends to invest any project, its investment amount in which will exceed 25% of its total assets value, Sinochem Agriculture shall obtain a prior written consent from Sinochem Fertilizer for its investment in such project.

**Liabilities for breach of contract** : If Sinochem Agriculture fails to perform its obligations under the Agreement for the Use of Fund, Sinochem Fertilizer shall have the right to cease the release of the Fund to Sinochem Agriculture and to require Sinochem Agriculture to repay the Fund that has been released and any interest accrued thereon prior to the maturity date. If Sinochem Corporation fails to perform its obligations under the Agreement for the Use of Fund, Sinochem Fertilizer may hold Sinochem Agriculture jointly liable therefor, and thus it shall have the right to cease the release of the Fund to Sinochem Agriculture and Sinochem Corporation and to require Sinochem Agriculture and Sinochem Corporation to repay the Fund that has been released and any interest accrued thereon prior to the maturity date. In addition, if Sinochem Agriculture and/or Sinochem Corporation are/is unable to repay the Fund and any interest accrued thereon as scheduled or fail(s) to use the Fund in accordance with the use specified in the Agreement for the Use of Fund, Sinochem Fertilizer shall also have the right to impose on the breaching party(ies) an additional interest of 50% on the overdue amount or the amount used in breach of the Agreement for the Use of Fund.

## **PRICING BASIS**

The terms of the Entrusted Loan Contract and the Agreement for the Use of Fund are agreed upon by the parties after arm's length negotiations and having regard to the prevailing market price and market practices. When determining the amount of the Entrusted Loan and the Fund, the Group has taken into account its cash and cash equivalents on hand, the financial needs of Sinochem Agriculture and Sinochem Corporation and their use of proceeds, as well as the assessment of the Group on the financial and business conditions of Sinochem Agriculture and Sinochem Corporation. When determining the interest rate of each of the Entrusted Loan and the Fund, the Group has made reference to the latest benchmark interest rate for one-year loan as published by the People's Bank of China and the interest rates of loans of the similar term previously offered by independent commercial banks to the relevant borrower.

## **PROVISION OF GUARANTEE**

Sinochem Corporation issued the Letter of Undertaking to Sinochem Fertilizer on 2 November 2018, pursuant to which Sinochem Corporation has undertaken to provide a guarantee in favour of Sinochem Fertilizer for the joint and several liabilities in connection with all the contractual obligations of Sinochem Agriculture under the Entrusted Loan Contract and the Agreement for the Use of Fund. If Sinochem Agriculture fails to repay the principal of the Entrusted Loan, the Fund and any interest accrued thereon pursuant to the Entrusted Loan Contract and the Agreement for the Use of Fund, Sinochem Fertilizer shall have the right to require Sinochem Corporation to make repayments for Sinochem Agriculture by serving a prior written notice of ten business days to Sinochem Corporation.

The liabilities of Sinochem Corporation under the guarantee shall be limited to the amount actually released by Sinochem Fertilizer to Sinochem Agriculture and any interest accrued thereon pursuant to the Entrusted Loan Contract and the Agreement for the Use of Fund. Sinochem Corporation shall issue a letter of guarantee in respect of each loan and fund provided by Sinochem Fertilizer to Sinochem Agriculture on an individual basis in accordance with the Letter of Undertaking.

## REASONS FOR AND BENEFITS OF THE TRANSACTIONS

After taking into account the following factors, the Company believes that the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund will enable the Group to make use of its surplus funds in a better way at an acceptable level of risk:

- (i) Sinochem Agriculture has commenced businesses in areas such as the northeast, northwest, southwest and Huanghuai of China, and the regions in which its customers locate can serve as an effective replenishment to the existing markets of Sinochem Fertilizer. Sinochem Agriculture can promote Sinochem Fertilizer's products in an effective manner during its provision of agricultural services to its customers. Sinochem Agriculture intends to use the Entrusted Loan and the Fund for its procurement and storage of autumn grain crops and its equity investment in the sectors of agricultural materials and agricultural services, which will expand the service territory and business scale of Sinochem Agriculture, and will in turn facilitate Sinochem Fertilizer to further extend sales channels through Sinochem Agriculture and increase its operating revenue and profitability.
- (ii) The interest rate of each of the Entrusted Loan and the Fund is higher than the interest rate available to the Group for placing cash deposits with commercial banks in the PRC. The Group may obtain a higher interest income through the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund to increase its rate of return on cash and cash equivalents, thereby improving its investment income. The Group has also considered the possibility of increasing its rate of return by investing in industry-related projects. However, given that the domestic fertilizer industry is currently suffering from excess capacity, the Group will be exposed to rather high risks if it invests in industry-related projects in the market, and therefore, it has not identified any proper project for investment; and
- (iii) All of the Entrusted Loan and the Fund will be financed by the Group from its surplus funds. Therefore, the Company is of the view that the provision of the Entrusted Loan and the Fund will not affect the working capital or daily operations of the Group, and the Group currently has no intention to seek additional loans to finance its daily operations during the term of the Entrusted Loan Contract and the Agreement for the Use of Fund. Moreover, pursuant to the Entrusted Loan Contract and the Agreement for the Use of Fund, Sinochem Fertilizer shall have the right to require Sinochem Agriculture and Sinochem Corporation to repay the principal of the Entrusted Loan, the Fund and any interest accrued thereon, in whole or in part, prior to the maturity date, which increases the flexibility of fund management by Sinochem Fertilizer. Sinochem Fertilizer can recover the Entrusted Loan and the Fund within a short period of time when there is any funding requirement to conduct its daily operations and to repay its existing debts.

## INTERNAL CONTROL MEASURES

In order to properly mitigate investment risks while generating investment returns, the Group will take the following risk control measures:

- (i) Sinochem Fertilizer shall have the right to decide whether to release the Entrusted Loan and the Fund to Sinochem Agriculture and Sinochem Corporation based on the information provided by Sinochem Agriculture and Sinochem Corporation at the time of their application for the Entrusted Loan and the Fund, so as to ensure the safe use of the Entrusted Loan and the Fund and to mitigate the recovery risks during the process of determining the release of the Entrusted Loan and the Fund. Sinochem Fertilizer shall be under no obligation to provide the Entrusted Loan and the Fund, in whole or in part, to Sinochem Agriculture and Sinochem Corporation under the Entrusted Loan Contract and the Agreement for the Use of Fund;

- (ii) Sinochem Agriculture and Sinochem Corporation shall use the Entrusted Loan and the Fund strictly in accordance with the use specified in the Entrusted Loan Contract and the Agreement for the Use of Fund, and Sinochem Agriculture shall provide its business operation reports or financial reports to Sinochem Fertilizer on a monthly basis. The Company will monitor the use by Sinochem Agriculture and Sinochem Corporation of the Entrusted Loan and the Fund to ensure that the Entrusted Loan and the Fund will be used for specified purposes and applied in the projects with development prospect and in compliance with the industrial policies of the PRC;
- (iii) The Group has conducted due diligence and assessment on the repayment capability of Sinochem Agriculture. Sinochem Group has obtained facilities from various financial institutions, and subsidiaries of Sinochem Group (including Sinochem Agriculture and Sinochem Corporation) are permitted by such financial institutions to use funds within such facilities. Therefore, Sinochem Agriculture and Sinochem Corporation may utilize such facilities to make repayment (or even early repayment) of the Entrusted Loan and the Fund to Sinochem Fertilizer when necessary; and
- (iv) Sinochem Corporation has agreed to provide a guarantee in favour of Sinochem Fertilizer for the joint and several liabilities in connection with all the contractual obligations of Sinochem Agriculture under the Entrusted Loan Contract and the Agreement for the Use of Fund, thus further mitigating the risks of the Group in the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund.

As such, the Directors, other than the independent non-executive Directors who will express their opinion in a separate letter to be included in the circular, are of the view that the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole. Mr. Zhang Wei and Mr. Yang Lin, being the Directors of the Company and management members of Sinochem Group, have abstained from voting on the relevant Board resolution to approve the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund.

## **IMPLICATIONS OF THE LISTING RULES**

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Each of Sinochem Agriculture and Sinochem Corporation is a subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company. Accordingly, each of Sinochem Agriculture and Sinochem Corporation is a connected person of the Company. Therefore, the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Given that one or more of the applicable percentage ratios in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund in aggregate are more than 5%, such transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund in aggregate are more than 25% but less than 100%, such transactions also constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund. An Independent Board Committee of the Company has been formed to advise the Independent Shareholders in respect of the transactions under the Entrusted Loan Contract and the Agreement for

the Use of Fund. Somerley Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, the details of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice to convene the SGM, will be dispatched by the Company to its shareholders. As additional time is required to prepare and finalize certain information for inclusion in the circular, the Company will dispatch the circular to its shareholders on or around 5 December 2018.

## **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, an indirect wholly-owned subsidiary of the Company, is principally 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, the ultimate controlling shareholder of the Company, 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.

Sinochem Corporation is a subsidiary of Sinochem Group and an indirect controlling shareholder of the Company. It is principally engaged in the investment and management of exploration and production of petroleum and natural gas; investment and management of oil refining, gas stations, storage and warehousing; research, development, investment and management of fertilizer, seeds, pesticides and agricultural products; research, development, investment and management of rubber, plastics, chemical materials, fluorine chemicals, coal chemicals and pharmaceuticals; and development, investment and management of mineral resources and new energy.

Sinochem Agriculture is a wholly-owned subsidiary of Sinochem Group. Its core businesses include the promotion of integrated planting solutions, land trust, design of agricultural input packages, auxiliary facilities for agricultural mechanization, technology tracking, as well as the services in relation to the sale of agricultural products, food banks and agricultural informatization, and the businesses such as agricultural and production credit, agricultural and financial leasing, and agricultural insurance. Sinochem Agriculture also carries out projects on the renovation of low- and medium-yield farmlands, improvement of soil, demonstration of precision agriculture and utilization of agricultural waste as resources.

Sinochem Finance is a non-bank financial institution established in September 2007 with the approval of the People's Bank of China. It is subject to the supervision of the China Banking and Insurance Regulatory Commission. Sinochem Finance is principally engaged in the provision of financial services to member units of Sinochem Corporation, mainly including financial and financing advisory service, credit authentication and related consulting service, agency service; provision of guarantees; entrusted loan and investment; bill acceptance and discount; settlement service; deposit service; loan and finance lease, etc.



## DEFINITIONS

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

“Agreement for the Use of Fund”	the agreement for the use of fund to be entered into by Sinochem Fertilizer (as the lender) with Sinochem Agriculture and Sinochem Corporation (each as a borrower)
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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
“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
“Entrusted Loan”	the entrusted loan in a total principal amount of not more than RMB1 billion to be provided by Sinochem Fertilizer to Sinochem Agriculture through Sinochem Finance pursuant to the Entrusted Loan Contract
“Entrusted Loan Contract”	the entrusted loan contract to be entered into by Sinochem Fertilizer (as the lender) with Sinochem Agriculture (as the borrower) and Sinochem Finance (as the lending agent)
“Fund”	the fund in a total amount of not more than RMB1.1 billion to be provided by Sinochem Fertilizer to Sinochem Agriculture and Sinochem Corporation pursuant to the Agreement for the Use of Fund
“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
“Independent Board Committee”	the independent board committee of the Company formed to consider the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund

“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund
“Independent Shareholders”	shareholders other than Sinochem Group and its associates
“Letter of Undertaking”	the letter of undertaking issued by Sinochem Corporation to Sinochem Fertilizer on 2 November 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“SGM”	a special general meeting of the Company to be convened to consider and approve, among others, the transactions under the Entrusted Loan Contract and the Agreement for the Use of Fund
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Sinochem Agriculture”	中化現代農業有限公司 (Sinochem Agriculture Holdings Limited), a limited liability company incorporated in the PRC and a subsidiary of Sinochem Group
“Sinochem Corporation”	中國中化股份有限公司 (Sinochem Corporation), a joint stock company with limited liability incorporated in the PRC, a subsidiary of Sinochem Group and the indirect controlling shareholder 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 Finance”	中化集團財務有限責任公司 (Sinochem Group Finance Co., Ltd.), a limited liability company incorporated in the PRC and an indirect subsidiary of Sinochem Group
“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, 7 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.*