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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 NEW AGRICHEMICAL FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 9 December 2019 in relation to the Original Agrichemical Framework Agreement entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Group. Pursuant to the Original Agrichemical Framework Agreement, Sinochem Fertilizer has been purchasing from and/or selling to subsidiaries of Sinochem Group certain agrichemical, seed and other related products during the period from 1 January 2020 to 31 December 2020 (both days inclusive).

Reference is also made to the announcement of the Company dated 17 June 2020 in relation to the transfer of 3,698,660,874 shares of the Company by Sinochem HK to CNAC HK. After the Transfer, CNAC HK has become the controlling shareholder of the Company holding approximately 52.65% of the total issued shares of the Company, and Sinochem HK and its ultimate holding company, Sinochem Group, have ceased to be the controlling shareholders of the Company.

At around the same time as the Transfer, Sinochem Group also transferred some of its subsidiaries to Syngenta Group, the holding company of CNAC HK. Such subsidiaries include a number of entities which have been conducting transactions with Sinochem Fertilizer under the Original Agrichemical Framework Agreement. In addition, Sinochem Fertilizer has also conducted similar transactions with other subsidiaries of Syngenta Group, and such transactions have become continuing connected transactions of the Company after the Transfer.

To streamline the continuing connected transactions between Sinochem Fertilizer and Syngenta Group and its subsidiaries after the Transfer, Sinochem Fertilizer and Syngenta Group entered into the New Agrichemical Framework Agreement on 8 July 2020, pursuant to which Sinochem Fertilizer will purchase from and/or sell to subsidiaries of Syngenta Group certain agrichemical, seed and other related products for a period up to 31 December 2020.

Implications of the Listing Rules

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. CNAC HK is the controlling shareholder of the Company holding approximately 52.65% of the total issued shares of the Company. CNAC HK is a wholly-owned subsidiary of Syngenta Group. As such, each of CNAC HK and Syngenta Group is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the New Agrichemical Framework Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the New Agrichemical 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 Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 9 December 2019 in relation to the Original Agrichemical Framework Agreement entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Group. Pursuant to the Original Agrichemical Framework Agreement, Sinochem Fertilizer has been purchasing from and/or selling to subsidiaries of Sinochem Group certain agrichemical, seed and other related products during the period from 1 January 2020 to 31 December 2020 (both days inclusive).

Reference is also made to the announcement of the Company dated 17 June 2020 in relation to the transfer of 3,698,660,874 shares of the Company by Sinochem HK to CNAC HK. After the Transfer, CNAC HK has become the controlling shareholder of the Company holding approximately 52.65% of the total issued shares of the Company, and Sinochem HK and its ultimate holding company, Sinochem Group, have ceased to be the controlling shareholders of the Company.

At around the same time as the Transfer, Sinochem Group also transferred some of its subsidiaries to Syngenta Group, the holding company of CNAC HK. Such subsidiaries include a number of entities which have been conducting transactions with Sinochem Fertilizer under the Original Agrichemical Framework Agreement (the “**Transferred Entities**”). In addition, Sinochem Fertilizer has also conducted similar transactions with other subsidiaries of Syngenta Group, and such transactions have become continuing connected transactions of the Company after the Transfer.

To streamline the continuing connected transactions between Sinochem Fertilizer and Syngenta Group and its subsidiaries after the Transfer, Sinochem Fertilizer and Syngenta Group entered into the New Agrichemical Framework Agreement on 8 July 2020, pursuant to which Sinochem Fertilizer will purchase from and/or sell to subsidiaries of Syngenta Group certain agrichemical, seed and other related products for a period up to 31 December 2020.

PRINCIPAL TERMS OF THE NEW AGRICHEMICAL FRAMEWORK AGREEMENT

Date

8 July 2020

Parties

(a) Sinochem Fertilizer

(b) Syngenta Group

Nature of transactions

Pursuant to the New Agrichemical Framework Agreement, Sinochem Fertilizer will purchase from and/or sell to subsidiaries of Syngenta Group certain agrichemical, seed and other related products.

Pricing

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

In determining the fair market price of agrichemical, seed and other related products, the Group generally makes reference to weekly reports published by certain independent commodity information providers such as Baiinfo (百川盈孚). 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.

With respect to the purchase 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 Syngenta Group. The Group also takes into account the demand of its downstream customers when determining the prices of the transactions. With respect to the sale of agrichemical, seed and other related products, the Group will take into account the purchase prices from its upstream suppliers, and the terms (including the prices) of the sale of agrichemical, seed and other related products by Sinochem Fertilizer to the relevant subsidiary of Syngenta Group will be no less favourable to the Group than those entered into by the Group with independent third parties. The purchase and sale 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 purchase and sale 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 Syngenta Group pursuant to the New Agrichemical 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 mainly be settled by way of payment on delivery or advance payment.

Term

The New Agrichemical Framework Agreement shall take effect upon signing by the parties and shall expire on 31 December 2020.

ANNUAL CAPS

The Company estimates that the annual cap for the year ending 31 December 2020 in respect of the purchase of agrichemical, seed and other related products by Sinochem Fertilizer from subsidiaries of Syngenta Group will be RMB170,000,000, and the annual cap for the year ending 31 December 2020 in respect of the sale of agrichemical, seed and other related products by Sinochem Fertilizer to subsidiaries of Syngenta Group will be RMB100,000,000. The parties have determined such annual caps based on Sinochem Fertilizer's purchase and sale plans, and the projected prices and quantities of purchase and sale of agrichemical, seed and other related products. Such annual caps do not include the amount of transactions between Sinochem Fertilizer and subsidiaries of Syngenta Group before the Transfer (such transactions were not continuing connected transactions of the Company before the Transfer), but include the amount of transactions between Sinochem Fertilizer and the Transferred Entities under the Original Agrichemical Framework Agreement before the Transfer.

For the five months ended 31 May 2020, the historical amount of the purchase of agrichemical, seed and other related products by Sinochem Fertilizer from subsidiaries of Syngenta Group was approximately RMB68,300,000, and the historical amount of the purchase of agrichemical, seed and other related products by Sinochem Fertilizer from the Transferred Entities was approximately RMB48,430,000. For the five months ended 31 May 2020, there was no historical transaction of the sale of agrichemical, seed and other related products by Sinochem Fertilizer to subsidiaries of Syngenta Group, and the historical amount of the sale of agrichemical, seed and other related products by Sinochem Fertilizer to the Transferred Entities was approximately RMB4,061,000.

During the period from the date of completion of the Transfer to the date of this announcement, the transaction amounts of the purchase and sale of agrichemical, seed and other related products between Sinochem Fertilizer and subsidiaries of Syngenta Group are below the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Subsidiaries of Syngenta Group can provide high quality agrichemical, seed and other related products satisfying the requirements of Sinochem Fertilizer and its customers and offer excellent after-sale services, and the products provided are highly recognized by the market with good reputation; moreover, subsidiaries of Syngenta Group have extensive customer base which can serve as an effective replenishment to the established markets of Sinochem Fertilizer.

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the New Agrichemical 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 annual caps for the continuing connected transactions contemplated under the New Agrichemical Framework Agreement are fair and reasonable.

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

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. CNAC HK is the controlling shareholder of the Company holding approximately 52.65% of the total issued shares of the Company. CNAC HK is a wholly-owned subsidiary of Syngenta Group. As such, each of CNAC HK and Syngenta Group is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the New Agrichemical Framework Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the New Agrichemical 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 Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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

Sinochem Fertilizer 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.

Syngenta Group is mainly engaged in the technological development, transfer and advisory service in the fields of agricultural technology, biotechnology and information technology; the production and operation of crop seeds; the production of genetically modified crop seeds; and the research and development, and sale of chemical raw materials and products (excluding hazardous chemicals, controlled chemicals, civil explosives and precursor chemicals).

Syngenta Group is an indirect wholly-owned subsidiary of ChemChina. ChemChina is primarily engaged in the production and sale of chemical raw materials, chemical products, chemical minerals, fertilizers, agrichemicals (excluding hazardous chemicals), plastics, tyres, rubber products, membrane equipment and chemical equipment; the production and sale of mechanical products, electronic products, instruments and apparatus, construction materials, textiles, light industrial products, forest products and forest chemical products; and the research, development, design and construction of chemical equipment, chemical cleaning, anticorrosion, petrochemicals and water technology. The sole shareholder of ChemChina is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

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
“ChemChina”	China National Chemical Corporation Limited (中國化工集團有限公司), a limited liability company incorporated under the laws of the PRC, and the ultimate controlling shareholder of the Company after the Transfer
“CNAC HK”	CNAC (HK) Holdings Company Limited (中國農化(香港)控股有限公司), a limited liability company incorporated under the laws of Hong Kong, and the immediate controlling shareholder of the Company after the Transfer
“Company”	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“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 Framework Agreement”	the procurement and sale framework agreement dated 8 July 2020 entered into between Sinochem Fertilizer and Syngenta Group in relation to the purchase and sale of agrichemical, seed and other related products
“Original Agrichemical Framework Agreement”	the procurement and sale framework agreement dated 9 December 2019 entered into between Sinochem Fertilizer and Sinochem Group in relation to the purchase and sale of agrichemical, seed and other related products
“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”	Sinochem Fertilizer Company Limited (中化化肥有限公司), a limited liability company incorporated under the laws of the PRC, and an indirect wholly-owned subsidiary of the Company
“Sinochem Group”	Sinochem Group Co., Ltd. (中國中化集團有限公司), a state-owned enterprise incorporated in the PRC, and the ultimate controlling shareholder of the Company before the Transfer
“Sinochem HK”	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), a limited liability company incorporated under the laws of Hong Kong, and the immediate controlling shareholder of the Company before the Transfer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Syngenta Group”	Syngenta Group Co., Ltd. (先正達集團股份有限公司), a limited liability company incorporated under the laws of the PRC, and the indirect controlling shareholder of the Company after the Transfer
“Transfer”	the transfer of 3,698,660,874 shares of the Company by Sinochem HK to CNAC HK
“%”	percent

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

Hong Kong, 8 July 2020

As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer), Mr. Feng Mingwei and Mr. Harry Yang; the non-executive director of the Company is Mr. 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*