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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)

INDICATIVE ANNOUNCEMENT PROPOSED DISPOSAL OF NITROGEN FERTILIZER BUSINESS UNIT

The board of directors (the “**Board**”) of Sinofert Holdings Limited (the “**Company**”) hereby announces that Sinochem Fertilizer Company Limited (“**Sinochem Fertilizer**”), an indirect wholly-owned subsidiary of the Company, intends to sell its nitrogen fertilizer business unit and related assets (the “**Target Assets**”), including 12 pieces of electronic equipment, one patented technology in connection with the nitrogen fertilizer business, and 14 trademarks (the “**Proposed Disposal**”).

The business of Sinochem Fertilizer is generally focused on fertilizer distribution services, mainly covering fertilizer procurement, sales and trading. Due to the lack of internal production capacity, the nitrogen fertilizer business unit requires a large amount of funds for goods procurement and therefore has to bear a high risk of price fluctuation. Furthermore, the increasing concentration of the nitrogen fertilizer business in China has significantly lowered the profit margin in the procurement, sales and trading of nitrogen fertilizer. Therefore, the contribution of the nitrogen fertilizer business unit of Sinochem Fertilizer to the profits of the Company and its subsidiaries (the “**Group**”) remains at a low level. For the year ended 31 December 2020, after excluding the sales of nitrogen fertilizer by production entities, the revenue of the nitrogen fertilizer business unit accounted for approximately 22.9% of the total revenue of the Group, with a gross profit margin of approximately 2.9%, significantly lower than the overall gross profit margin of the Group, and the profits from this business unit accounted for only approximately 3.4% of the profit before taxation of the Group.

Under such background, in order to facilitate the transformation and upgrade of the Group and to enhance the operation efficiency, Sinochem Fertilizer intends to sell the Target Assets, and will make arrangements for the relocation of staff of the nitrogen fertilizer business unit. On 30 December 2021, the Target Assets have been listed for sale on China Beijing Equity Exchange Co., Ltd..

As at the date of this announcement, the buyer of the Target Assets and the consideration for the Proposed Disposal have not been determined, nor has any binding agreement in respect of the Proposed Disposal been executed. Upon finalizing the terms of the Proposed Disposal, the Company will comply with all relevant requirements under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited in due course.

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED

Qin Hengde

Executive Director and Chief Executive Officer

Hong Kong, 30 December 2021

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. 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.