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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 CONNECTED TRANSACTION IN RELATION TO PURCHASE OF POTASH

The Board wishes to announce that Sinochem Macao and Canpotex entered into the Export Agreement on 28 June 2023, pursuant to which Sinochem Macao agreed to purchase no more than 132,000 tonnes of potash from Canpotex at a unit price of US\$307 per tonne for a total consideration of no more than US\$40,524,000.

Implications of the Listing Rules

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Nutrien indirectly holds approximately 22.26% equity interest in the Company, and is therefore an indirect substantial shareholder of the Company. Canpotex, owned as to 50% by Nutrien, is an associate of Nutrien, and is therefore a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board wishes to announce that Sinochem Macao and Canpotex entered into the Export Agreement on 28 June 2023, pursuant to which Sinochem Macao agreed to purchase no more than 132,000 tonnes of potash from Canpotex at a unit price of US\$307 per tonne for a total consideration of no more than US\$40,524,000.

PRINCIPAL TERMS OF THE EXPORT AGREEMENT

Date

28 June 2023

Parties

(a) Sinochem Macao

(b) Canpotex

Nature of transaction

Sinochem Macao agreed to purchase no more than 132,000 tonnes of potash from Canpotex at a unit price of US\$307 per tonne.

Consideration and payment

The total consideration of the Transaction shall be no more than US\$40,524,000, which shall be paid by Sinochem Macao by way of irrevocable letter of credit, and will be funded by the Group through its internal resources.

The consideration is determined through mutual negotiations between the parties with reference to prevailing international market potash prices and sea import prices to the PRC. In determining such price, the Group has made reference to the latest reports published by Argus Media (www.argusmedia.com) and Baiinfo (百川盈孚, www.baiinfo.com), both of which are independent commodity information providers, and the prices under its long-term agreements with other potash suppliers, and has taken into account the demand of its downstream customers.

Delivery

It is expected that the potash will be shipped from Canada or the United States of America during the period from June 2023 to July 2023 for delivery to main ports in the PRC.

REASONS AND BENEFITS FOR THE TRANSACTION

The production of potash in the PRC falls short of domestic demand. Each year the PRC needs to import considerable quantities of potash to meet the increasing demand of potash for domestic agricultural production. By entering into the Transaction, the Group will further enrich its operational resources and ensure a stable supply of the relatively rare mineral fertilizer of potash.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is conducted on normal commercial terms, is entered into in the ordinary and usual course of business of the Group, is fair and reasonable and in the interests of the Company and the shareholders as a whole. None of the Directors is regarded as having a material interest in the Transaction, and hence none of the Directors has abstained from voting on the Board resolution to approve the Transaction.

IMPLICATIONS OF THE LISTING RULES

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Nutrien indirectly holds approximately 22.26% equity interest in the Company, and is therefore an indirect substantial shareholder of the Company. Canpotex, owned as to 50% by Nutrien, is an associate of Nutrien, and is therefore a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is principally engaged in the production, import and export, distribution and retail of raw materials and finished products of crop nutrition products, provision of technological research and development and services relating to crop nutrition business and products, exploration and exploitation of phosphate mine, and production of monocalcium/dicalcium phosphate (MCP/DCP).

Sinochem Macao is principally engaged in sourcing crop nutrition products and other related agricultural products for the Group from overseas.

Canpotex is a joint venture owned by two large potash producers, Nutrien (a company listed on the Toronto Stock Exchange and the New York Stock Exchange) and The Mosaic Company (a company listed on the New York Stock Exchange), with each shareholder having an equal ownership in Canpotex. Canpotex is one of the world's largest suppliers of potash, and is principally engaged in offshore marketing of potash products for its two shareholders.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Canpotex”	Canpotex Limited, a company incorporated in Canada, which is held as to 50% by Nutrien
“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
“connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Export Agreement”	the export agreement dated 28 June 2023 entered into between Sinochem Macao and Canpotex
“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

“Macao”	The Macao Special Administrative Region of the PRC
“Nutrien”	Nutrien Ltd., a corporation incorporated in Canada with its shares listed on the Toronto Stock Exchange and the New York Stock Exchange, and an indirect substantial shareholder of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao and Taiwan
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.10 each in the capital of the Company
“Sinochem Macao”	中化化肥澳門有限公司 (Sinochem Fertilizer Macao Limited), a company incorporated in Macao on 16 November 2004, and an indirect wholly-owned subsidiary 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
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Transaction”	the purchase by Sinochem Macao from Canpotex of no more than 132,000 tonnes of potash pursuant to the Export Agreement
“US\$”	US dollars, the lawful currency of the United States of America
“%”	percent

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
MA Yue
Executive Director and Chief Executive Officer

Hong Kong, 28 June 2023

As at the date of this announcement, the executive directors of the Company are Mr. Ma Yue (Chief Executive Officer), Mr. Wang Jun and Ms. Wang Ling; the non-executive director of the Company is Mr. Liu Hongsheng (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.