

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AGRICHEMICAL FRAMEWORK AGREEMENT

On 12 June 2014, Sinochem Fertilizer and Sinochem Group (for and on behalf of its associates) entered into the Agrichemical Framework Agreement, pursuant to which the associates of Sinochem Group will sell to and/or purchase from Sinochem Fertilizer certain agrichemical and other related products for a term up to 31 December 2014.

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Agrichemical Framework 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 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 the Listing Rules.

BACKGROUND

On 12 June 2014, Sinochem Fertilizer and Sinochem Group (for and on behalf of its associates) entered into the Agrichemical Framework Agreement, pursuant to which the associates of Sinochem Group will sell to and/or purchase from Sinochem Fertilizer certain agrichemical and other related products for a term up to 31 December 2014.

* *For identification purposes only*

PRINCIPAL TERMS OF THE AGRICHEMICAL FRAMEWORK AGREEMENT

Date

12 June 2014

Parties

- (a) Sinochem Fertilizer
- (b) Sinochem Group (for and on behalf of its associates)

Nature of transactions

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

Pricing and payment

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

In determining the fair market price for the purchase and sale of agrichemical and other related products, the Group generally makes reference to weekly reports published by certain independent commodity information providers such as Baichuan (百川資訊). 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, 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 and other related products, keeping abreast of the latest prices of agrichemical and other related products.

With respect to the purchase of agrichemical and other related products, the Group usually obtains reference prices from three or more suppliers before placing a purchase order with the relevant associate of Sinochem 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 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 and other related products by Sinochem Fertilizer to the relevant associate of Sinochem 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 agricultural crop technology department of Sinochem Fertilizer, and then submitted to the vice president 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 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.

Sinochem Fertilizer shall enter into specific agreements with the relevant associate of Sinochem Group pursuant to the Agrichemical Framework Agreement in relation to the type, quantities, price and delivery schedule of the agrichemical and other related products. Payments for agrichemical and other related products shall be settled by way of payment on delivery or advance payment.

Term

The Agrichemical Framework Agreement shall take effect upon signing by the parties and shall expire on 31 December 2014. Sinochem Fertilizer may request Sinochem Group to enter into a new framework agreement with it on the same terms upon the expiry of the Agrichemical Framework Agreement.

ANNUAL CAP

The Company estimates that the annual cap for the continuing connected transactions under the Agrichemical Framework Agreement for the year ending 31 December 2014 will be RMB17,330,000 (equivalent to approximately HK\$21,803,000). Such cap has been determined based on Sinochem Fertilizer's purchase and sale plans and projected quantities of purchase and sale of agrichemical and other related products, and taking into account the transaction amount in the previous months of the year.

The historical amounts of the purchase of agrichemical and other related products by the Group from the associates of Sinochem Group for the year ended 31 December 2012, the year ended 31 December 2013 and the four months ended 30 April 2014 were approximately RMB9,090,000 (equivalent to approximately HK\$11,436,000), RMB5,660,000 (equivalent to approximately HK\$7,121,000) and RMB5,100,000 (equivalent to approximately HK\$6,416,000), respectively. The historical amounts of the sale of agrichemical and other related products by the Group to the associates of Sinochem Group for the year ended 31 December 2012 was approximately RMB345,000 (equivalent to approximately HK\$434,000); there were no such transactions for the year ended 31 December 2013 and the four months ended 30 April 2014.

REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

The associates of Sinochem Group can provide high quality agrichemical and other related products and offer excellent after-sale services, and the products provided are highly recognized and demanded by the market; moreover, Sinofert Fertilizer has procurement channels for quality agrichemical raw materials, and can expand its revenue sources through providing the required agrichemical raw materials for the associates of Sinochem Group. As such, the Group entered into the Agrichemical Framework Agreement with Sinochem Group (for and on behalf of its associates).

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions under the 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 the shareholders as a whole, and that the annual cap for the continuing connected transactions under the Agrichemical Framework Agreement is fair and reasonable. Mr. Liu De Shu and Mr. Yang Lin, being officers of Sinochem Group, have abstained from voting on the Board resolution passed to approve the Agrichemical Framework Agreement and the transactions contemplated thereunder.

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Agrichemical Framework 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 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 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 and distribution of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses. The Company aims to serve the agricultural industry in the PRC by introducing quality resources from overseas and to ensure food security in the PRC.

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. It indirectly holds a 98% equity interest in Sinochem HK, which in turn owns approximately 52.65% of the Company. Sinochem Group's core business is as follows: petroleum, fertilizer, trade, distribution and logistics of chemicals, crude oil, fuel oil and natural rubber futures; overseas oil and gas exploitation and production, refinery, chemical mining and washing, fertilizer and chemicals production; hotel and real estate development and operation.

DEFINITIONS

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

“Agrichemical Framework Agreement”	the agrichemical purchase and sale framework agreement entered into between Sinochem Fertilizer and Sinochem Group dated 12 June 2014
“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”	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
“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 Corporation”	中國中化股份有限公司 (Sinochem Corporation), a joint stock company with limited liability established under the laws of the PRC and a subsidiary of Sinochem Group
“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”	中國中化集團公司 (Sinochem Group), a state-owned enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company
“Sinochem HK”	Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong with limited liability, which is wholly-owned by Sinochem Corporation and is the immediate 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 the purposes of illustration only, the exchange rate of RMB1.00 = HK\$1.2581 has been used for currency translation. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Wang Hong Jun
Executive Director and Chief Executive Officer

Hong Kong, 12 June 2014

As at the date of this announcement, the executive directors of the Company are Mr. Wang Hong Jun (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company are Mr. Liu De Shu (Chairman), Mr. Yang Lin, Dr. Stephen Francis Dowdle and Ms. Xiang Dandan; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Dr. Tang Tin Sek and Mr. Tse Hau Yin, Aloysius.