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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 AGRICHEMICAL FRAMEWORK AGREEMENT AND LEASE CONTRACT

- (A) Reference is made to the announcements of the Company dated 12 June and 22 September 2014 in relation to the original agrichemical framework agreement entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Group (for and on behalf of its associates). Such agreement expired on 31 December 2014. On 28 January 2015, 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, seed and other related products for a term up to 31 December 2015.
- (B) Reference is made to the original lease contract entered into between Sinochem Fertilizer and Chemsunny in relation to the lease of office spaces in Chemsunny World Trade Centre. Such contract expired on 31 December 2014. On 28 January 2015, Sinochem Fertilizer entered into the Lease Contract with Chemsunny, pursuant to which Sinochem Fertilizer (as the lessee) will continue to lease the office spaces in Chemsunny World Trade Centre from Chemsunny (as the lessor) during the period from 1 January 2015 to 31 December 2017.

* *For identification purposes only*

Implications of the Listing Rules

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Chemsunny is an indirect non wholly-owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company. Each of Sinochem Group and Chemsunny is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under each of the Agrichemical Framework Agreement and the Lease Contract constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for the continuing connected transactions under each of the Agrichemical Framework Agreement and the Lease Contract 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.

(A) CONTINUING CONNECTED TRANSACTIONS UNDER AGRICHEMICAL FRAMEWORK AGREEMENT

Reference is made to the announcements of the Company dated 12 June and 22 September 2014 in relation to the original agrichemical framework agreement entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Group (for and on behalf of its associates). Such agreement expired on 31 December 2014.

On 28 January 2015, 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, seed and other related products for a term up to 31 December 2015.

Principal Terms of the Agrichemical Framework Agreement

Date

28 January 2015

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, seed and other related products.

Pricing and payment

Pursuant to the Agrichemical Framework Agreement, prices of agrichemical, seed 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, seed 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, 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 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, 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 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 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 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, 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 Agrichemical Framework Agreement shall take effect upon signing by the parties and shall expire on 31 December 2015. Both parties may, on mutual agreement, renew the Agrichemical Framework Agreement with the same terms upon the expiry thereof.

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 2015 will be RMB40,000,000. Such annual cap has been determined based on Sinochem Fertilizer's purchase and sale plans and projected prices and quantities of purchase and sale of agrichemical, seed and other related products, and taking into account the transaction amount in the previous years and the increase in variety of agrichemical, seed and other related products to be purchased and sold by Sinochem Fertilizer during the term of the Agrichemical Framework Agreement.

The historical amounts of the purchase of agrichemical, seed and other related products by the Group from the associates of Sinochem Group for the three years ended 31 December 2014 were approximately RMB9,090,000, RMB5,660,000 and RMB14,940,000, respectively. The historical amounts of the sale of agrichemical, seed and other related products by the Group to the associates of Sinochem Group for the three years ended 31 December 2014 was approximately RMB345,000, nil and RMB620,000, respectively.

(B) CONTINUING CONNECTED TRANSACTIONS UNDER LEASE CONTRACT

Reference is made to the original lease contract entered into between Sinochem Fertilizer and Chemsunny in relation to the lease of office spaces in Chemsunny World Trade Centre. Such contract expired on 31 December 2014.

On 28 January 2015, Sinochem Fertilizer entered into the Lease Contract with Chemsunny, pursuant to which Sinochem Fertilizer (as the lessee) will continue to lease the office spaces in Chemsunny World Trade Centre from Chemsunny (as the lessor) during the period from 1 January 2015 to 31 December 2017.

Principal Terms of the Lease Contract

Date

28 January 2015

Parties

- (a) Sinochem Fertilizer (as the lessee)
- (b) Chemsunny (as the lessor)

Leased Properties

Unit C502 on the fifth floor and the entire tenth floor of the Central Tower of Chemsunny World Trade Centre, an office building on Fuxingmen Nei Avenue, Xicheng District, Beijing, the PRC. The Properties have a total gross floor area of approximately 5,285.04 square metres, and are used as office premises by Sinochem Fertilizer.

Rentals, management fees and utility charges

The rentals and the management fees of the Properties are RMB1,706,615.56 and RMB171,158.13 per month, respectively, payable by Sinochem Fertilizer on a quarterly basis. Sinochem Fertilizer shall also make quarterly payments of utility charges for water, electricity, gas, telephone, overtime air-conditioning and other miscellaneous fees actually incurred in respect of the Properties. The rentals shall be paid by Sinochem Fertilizer to Chemsunny, and the management fees and utility charges shall be paid by Sinochem Fertilizer to the property management company designated by Chemsunny.

The rentals and the management fees of the Properties are determined based on arm's length negotiations between the Group and Chemsunny on the prevailing market rates and on normal commercial terms. When determining the prevailing market rates, the Group has made reference to the rates of similar types of properties in the surrounding areas and the rates charged by Chemsunny to other tenants of Chemsunny World Trade Centre.

Term

The term of the Lease Contract is from 1 January 2015 to 31 December 2017.

Sinochem Fertilizer shall have the right of first refusal to renew the Lease Contract upon its expiry, provided that it has not defaulted on its obligations under the Lease Contract, has submitted a written request for the renewal by 30 September 2017, and has reached agreement with Chemsunny on rentals and other matters relating to the renewal by 31 October 2017.

Annual Cap

The Company estimates that the annual cap (inclusive of the rentals, management fees and utility charges) for the continuing connected transactions under the Lease Contract for each of the three years ending 31 December 2017 will be RMB30,000,000. Such annual cap has been determined based on the amounts of rentals and management fees stipulated in the Lease Contract and the estimated utility charges during the term of the Lease Contract.

The historical amounts of such continuing connected transactions for the three years ended 31 December 2014 were approximately RMB18,449,000, RMB18,473,000 and RMB18,618,000, respectively.

REASONS OF AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

(A) Continuing Connected Transactions under the Agrichemical Framework Agreement

The associates of Sinochem Group can provide high quality agrichemical, seed 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).

(B) Continuing Connected Transactions under the Lease Contract

Chemsunny World Trade Centre is a high-end office building, located on Fuxingmen Nei Avenue within Beijing's financial district, closed to the two main subway lines. Sinochem Fertilizer has been using the Properties in Chemsunny World Trade Centre as its office premises. The Directors consider that it is in the best interest of the Group to continue to lease the Properties from Chemsunny and it is necessary for and conducive to the daily operations of Sinochem Fertilizer.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions under each of the Agrichemical Framework Agreement and Lease Contract 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 caps for the continuing connected transactions under each of the Agrichemical Framework Agreement and the Lease Contract are fair and reasonable.

Mr. Liu De Shu and Mr. Yang Lin, being employees of Sinochem Group, have abstained from voting on the Board resolutions passed to approve the Agrichemical Framework Agreement, the Lease Contract and the transactions contemplated thereunder.

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Chemsunny is an indirect non wholly-owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company holding an effective interest of approximately 52.65% of the Company. Each of Sinochem Group and Chemsunny is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under each of the Agrichemical Framework Agreement and the Lease Contract constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for the continuing connected transactions under each of the Agrichemical Framework Agreement and the Lease Contract 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.

Chemsunny is principally engaged in the development, construction and sale of the renovation project located at 4-1# of Fuxingmen Nei on the southern side of West Chang'an Avenue, Xicheng District, Beijing, the management of self-owned properties, the lease of self-owned office spaces and the provision of carpark services for motor vehicles.

DEFINITIONS

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

“Agrichemical Framework Agreement”	the procurement framework agreement dated 28 January 2015 entered into between Sinochem Fertilizer and Sinochem Group in relation to the sale and purchase of agrichemical, seed and other related products
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Chemsunny”	北京凱晨置業有限公司 (Beijing Chemsunny Property Company Limited), a company established in the PRC and an indirectly non wholly-owned subsidiary of Sinochem Group
“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
“Lease Contract”	the lease contract dated 28 January 2015 entered into between Sinochem Fertilizer and Chemsunny in relation to the lease of the Properties
“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

“Properties”	Unit C502 on the fifth floor and the entire tenth floor of the Central Tower of Chemsunny World Trade Centre, an office building on Fuxingmen Nei Avenue, Xicheng District, Beijing, the PRC
“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 and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Wang Hong Jun

Executive Director and Chief Executive Officer

Hong Kong, 28 January 2015

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 and Mr. Tse Hau Yin, Aloysius.