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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 NEW SALES CONTRACT

Reference is made to the announcement of the Company dated 22 September 2014 in relation to the Existing Sales Contract entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Quanzhou Petrochemical. The Existing Sales Contract will expire on 31 August 2015. On 28 August 2015, Sinochem Fertilizer and Quanzhou Petrochemical entered into the New Sales Contract, pursuant to which Sinochem Fertilizer will continue to purchase from Quanzhou Petrochemical solid industrial sulphur products during the period from 1 September 2015 to 31 December 2016 (both days inclusive).

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Quanzhou Petrochemical is an indirect 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. As such, Quanzhou Petrochemical is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the New Sales 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 the New Sales Contract (whether on a standalone basis or in aggregate with the cap amount for the eight months ended 31 August 2015 under the Existing Sales 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.

CONTINUING CONNECTED TRANSACTIONS UNDER NEW SALES CONTRACT

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Principal Terms of the New Sales Contract

Date

28 August 2015

Parties

- (a) Sinochem Fertilizer
- (b) Quanzhou Petrochemical

Nature of transactions

Sinochem Fertilizer will purchase from Quanzhou Petrochemical solid industrial sulphur products during the term of the New Sales Contract. It is estimated that the total purchase volume of Sinochem Fertilizer will not exceed 58,000 tonnes. In particular, the purchase volume for the period from 1 September 2015 to 31 December 2015 is expected to be no more than 16,000 tonnes, and the purchase volume for the year ending 31 December 2016 is expected to be no more than 42,000 tonnes. Quanzhou Petrochemical will supply the solid industrial sulphur products to Sinochem Fertilizer on a daily basis.

Sinochem Fertilizer shall, by the 20th day of each month, submit its purchase plan of the next month to Quanzhou Petrochemical, and the parties shall determine the supply volume and delivery schedule and enter into purchase orders for the next month based on Sinochem Fertilizer's purchase plan. Detailed information, such as the product name, specification, volume, price and delivery schedule, will be specified in the purchase orders to be entered into by the parties pursuant to the New Sales Contract.

Pricing and payment

The price of the solid industrial sulphur products to be supplied by Quanzhou Petrochemical to Sinochem Fertilizer shall be the factory price of the products. The factory price shall be determined based on the prevailing wholesale port price of the products after deducting the logistics expenses. In determining the factory price, the parties generally make reference to weekly sulphur reports published by certain independent commodity information providers such as Argus Media and 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. In addition, Sinochem Fertilizer maintains regular contacts with domestic and overseas sulphur producers, distributors and traders, keeping abreast of the latest international bidding price and spot price and the latest domestic port price and factory price. The purchase prices will be reported to the manager of the sulphur department, and then submitted to the vice president in charge of the sulphur business for approval.

As the procurement and approval process involves reference to industry reports as well as up to date market prices as mentioned above, the Company considers 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.

Sinochem Fertilizer will make advance payment to Quanzhou Petrochemical by way of telegraphic transfer for its purchase of solid industrial sulphur products. Detailed payment terms will be specified in the purchase orders to be entered into by the parties pursuant to the New Sales Contract.

Term

The term of the New Sales Contract is from 1 September 2015 to 31 December 2016. Purchase orders that have been entered into during the term of the New Sales Contract shall remain effective notwithstanding the expiration of the New Sales Contract.

Annual Caps

The Company estimates that the cap amounts for the continuing connected transactions under the New Sales Contract for the period from 1 September 2015 to 31 December 2015 and the year ending 31 December 2016 will be RMB20,000,000 and RMB50,000,000, respectively. Such cap amounts have been determined based on Sinochem Fertilizer's projected total purchase volume and the projected purchase price of solid industrial sulphur products, and taking into account the historical transaction amount between the parties for the purchase of solid industrial sulphur products since June 2014.

The historical amounts of such continuing connected transactions for the year ended 31 December 2014 and the seven months ended 31 July 2015 were approximately RMB6,942,000 and RMB22,549,000, respectively.

REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

Quanzhou Petrochemical is a producer of solid industrial sulphur products. By purchasing sulphur products directly from Quanzhou Petrochemical, Sinochem Fertilizer has changed its traditional method of purchase through intermediate traders, thereby cutting down intermediate procedures and reducing the purchase costs of Sinochem Fertilizer. In addition, the sulphur products produced by Quanzhou Petrochemical are high sulphur with a higher level of purity, and the Company believes that the sulphur products sourced from Quanzhou Petrochemical are of better quality.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions under the New Sales Contract are conducted on normal commercial terms, are 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 the New Sales 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 above transactions.

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. Quanzhou Petrochemical is an indirect 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. As such, Quanzhou Petrochemical is a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the New Sales 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

the New Sales Contract (whether on a standalone basis or in aggregate with the cap amount for the eight months ended 31 August 2015 under the Existing Sales 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.

Quanzhou Petrochemical is principally engaged in the production, sale, loading and unloading, storage, transshipment and shipment of petroleum and petrochemical products, as well as the operation of piers and storage tanks.

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
“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
“Existing Sales Contract”	the <i>Annual Sales Contract of Solid Products</i> dated 22 September 2014 entered into between Sinochem Fertilizer and Quanzhou Petrochemical, which will expire on 31 August 2015
“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 Sales Contract”	the <i>Annual Sales Contract of Solid Products</i> dated 28 August 2015 entered into between Sinochem Fertilizer and Quanzhou Petrochemical
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Quanzhou Petrochemical”	中化泉州石化有限公司 (Sinochem Quanzhou Petrochemical Co., Ltd.), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of Sinochem Group
“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”	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
“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 August 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, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.

* *For identification purposes only*