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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)

MERGER BETWEEN ST SALT LAKE AND SALT LAKE POTASH AND GRANT OF OPTION BY SINOCHEM CORPORATION

The Company currently indirectly holds 18.49 per cent. of the shares of Salt Lake Potash through Sinochem Fertilizer.

According to the Proposal, if and when the Salt Lake Merger completes, Sinochem Fertilizer and Sinochem Corporation, among others, would hold shares in the Continuing Entity.

In order to satisfy its obligations under the Non-Competition Undertaking, Sinochem Corporation has issued an Option Letter on 25 December 2008 to Sinochem Fertilizer granting Sinochem Fertilizer the Option.

BACKGROUND

The Company currently indirectly holds 18.49 per cent. of the shares of Salt Lake Potash through Sinochem Fertilizer. Sinochem Corporation currently holds 22.74 per cent. of the shares of ST Salt Lake.

According to the announcements issued by ST Salt Lake and Salt Lake Potash on 26 December 2008, the boards of directors of ST Salt Lake and Salt Lake Potash have approved, among other things, a proposal (the “**Proposal**”) whereby ST Salt Lake would, on the satisfaction of certain conditions, including approval by the shareholders of ST Salt Lake and Salt Lake Potash, merge with Salt Lake Potash by way of issuance of new shares by Salt Lake Potash in exchange for and cancellation of existing shares of ST Salt Lake, whereby Salt Lake Potash would become the Continuing Entity (the “**Salt Lake Merger**”). According to the Proposal, if and when the Salt Lake Merger completes, Sinochem Fertilizer and Sinochem Corporation, among others, would hold shares in the Continuing Entity.

OPTION LETTER

In order to satisfy its obligations under the Non-Competition Undertaking, Sinochem Corporation has issued an option letter on 25 December 2008 (the “**Option Letter**”) to Sinochem Fertilizer, granting Sinochem Fertilizer the right to, at the authorization of the Company, require Sinochem Corporation to sell its then entire shareholding in the Continuing Entity at fair market value to it, provided that such sale and purchase would be compliant with the requirements laid down in the PRC laws, regulations, rules and other documents issued by competent authorities effective at the time (the “**Option**”).

If and when the Salt Lake Merger completes and so far as relevant laws and regulations allow, the Company is currently minded, subject to the circumstances at the time, to exercise the Option as soon as reasonably practicable. If the Company decides to exercise the Option, it shall comply with the requirements under the Listing Rules.

DEFINITIONS

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

“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
“Continuing Entity”	Salt Lake Potash following the Salt Lake Merger
“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
“Non-Competition Undertaking”	the non-competition undertaking dated 6 June 2005 entered into by Sinochem Corporation in favour of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, Macau and Taiwan
“Salt Lake Potash”	青海鹽湖鉀肥股份有限公司 (Qinghai Salt Lake Potash Co. Ltd), a joint stock limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange under stock code 000792
“Sinochem Corporation”	中國中化集團公司 (Sinochem Corporation), a state-owned enterprise established in the PRC, and the controlling shareholder of the Company
“Sinochem Fertilizer”	中化化肥有限公司 (Sinochem Fertilizer Company Limited), a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company

“ST Salt Lake” 青海鹽湖工業集團股份有限公司(Qinghai Salt Lake Industry Group Co. Ltd.), a joint stock limited liability company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange under stock code 000578

“Stock Exchange” The Stock Exchange of Hong Kong Limited

As at the date of this announcement, the executive directors of the Company are Mr. Du Ke Ping (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors are Mr. Liu De Shu (Chairman), Mr. Song Yu Qing (Deputy Chairman), Mr. Chen Guo Gang, Mr. Stephen Francis Dowdle and Mr. Wade Fetzer III; and the independent non-executive directors are Mr. Ko Ming Tung, Edward, Mr. Tang Tin Sek and Mr. Tse Hau Yin, Aloysius.

For and on behalf of the Board of
Sinofert Holdings Limited
Du Ke Ping
Executive Director and Chief Executive Officer

Hong Kong, 28 December 2008

* *For identification purposes only*