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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 THE PURCHASE OF POTASH

Reference is made to the announcement of the Company dated 12 January 2015 in relation to the MOU entered into between Sinochem Macao, an indirect wholly-owned subsidiary of the Company, and Canpotex International Pte. Limited (on behalf of Canpotex) for the supply of potash by Canpotex to Sinochem Macao. The MOU will expire on 31 December 2017.

The Board wishes to announce that Sinochem Macao and Canpotex entered into the Addendum in accordance with the MOU on 28 November 2017, pursuant to which Sinochem Macao agreed to purchase from Canpotex approximately 70,000 tonnes of red standard grade muriate of potash at a consideration of approximately US\$16,100,000. Since the delivery of and payment for such potash will not be completed by 31 December 2017, the transaction amount of such potash will not be included in the annual cap for the year ending 31 December 2017 under the MOU. The Company therefore issued this announcement for the Transaction. Sinochem Macao is in the process of negotiating the renewal of the MOU with Canpotex, and the Company will make further announcement in this regard in due course.

IMPLICATIONS OF THE LISTING RULES

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Potash Corporation holds approximately 22.26% equity interest in the Company, and is therefore a substantial shareholder of the Company. Canpotex, owned as to 33.33% by Potash Corporation, is an associate of Potash Corporation, 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

Reference is made to the announcement of the Company dated 12 January 2015 in relation to the MOU entered into between Sinochem Macao, an indirect wholly-owned subsidiary of the Company, and Canpotex International Pte. Limited (on behalf of Canpotex) for the supply of potash by Canpotex to Sinochem Macao. The MOU will expire on 31 December 2017.

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PRINCIPAL TERMS OF THE ADDENDUM

Date

28 November 2017

Parties

- (a) Sinochem Macao
- (b) Canpotex

Nature of transaction

Sinochem Macao agreed to purchase from Canpotex approximately 70,000 tonnes of red standard grade muriate of potash.

Consideration and payment

The total consideration of the Transaction shall be approximately US\$16,100,000, which shall be paid by Sinochem Macao by way of irrevocable letter of credit within 90 days from the date of bill of lading 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 and Baichuan (百川資訊), 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 such potash will be delivered to one or two main ports in the PRC in January 2018.

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 before the renewal of the MOU.

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. Dr. Stephen Francis Dowdle and Ms. Xiang Dandan, being Directors of the Company, is the management member of Potash Corporation and the employee of Canpotex respectively, have abstained from voting on the relevant Board resolution passed to approve the Transaction.

IMPLICATIONS OF THE LISTING RULES

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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, distribution and agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses.

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

Canpotex is principally engaged in offshore marketing of potash products for its three owners. Canpotex is owned as to 33.33% by Potash Corporation, one of the largest potash producers in the world.

DEFINITIONS

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

“Addendum”	the addendum dated 28 November 2017 entered into between Sinochem Macao and Canpotex in accordance with the MOU
“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 33.33% by Potash Corporation
“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(s)”	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
“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
“MOU”	the memorandum of understanding dated 12 January 2015 entered into between Sinochem Macao and Canpotex International Pte. Limited (on behalf of Canpotex)
“Potash Corporation”	Potash Corporation of Saskatchewan Inc., a corporation incorporated in Canada with its shares listed on the Toronto Stock Exchange and the New York Stock Exchange, and a 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

“Sinochem Macao”	中化化肥澳門離岸商業服務有限公司 (Sinochem Fertilizer Macao Commercial Offshore 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 approximately 70,000 tonnes of red standard grade muriate of potash pursuant to the Addendum
“US\$”	US dollars, the lawful currency of the United States of America
“%”	percent

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Qin Hengde
Executive Director and Chief Executive Officer

Hong Kong, 28 November 2017

As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer) and Mr. Harry Yang; the non-executive directors of the Company are Mr. Zhang Wei (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*