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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 UNDER THE SALES CONTRACT

The Board announces that on 8 July 2020, Sinochem Fertilizer and Bluestar Adisseo entered into the Sales Contract, pursuant to which Sinochem Fertilizer agreed to purchase 8,000 tonnes of ammonium sulphate crystal (a type of fertilizer) from Bluestar Adisseo at a total consideration of RMB3,864,000.

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. ChemChina is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. Bluestar Adisseo is an indirect non-wholly owned subsidiary of ChemChina, and also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Transaction constitutes a connected transaction of the Company. The applicable percentage ratios in respect of the Transaction, if calculated on a standalone basis, are less than 0.1%, but if calculated on an aggregate basis with the Previous Transaction, are more than 0.1% but less than 5%. Therefore, the Transaction is subject to the reporting and announcement requirements but is 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 17 June 2020 in relation to the change of ultimate controlling shareholder of the Company from Sinochem Group Co., Ltd. to ChemChina. After such change, ChemChina and its associates have become connected persons of the Company.

The Board announces that on 8 July 2020, Sinochem Fertilizer and Bluestar Adisseo (an indirect non-wholly owned subsidiary of ChemChina) entered into the Sales Contract, pursuant to which Sinochem Fertilizer agreed to purchase 8,000 tonnes of ammonium sulphate crystal (a type of fertilizer) from Bluestar Adisseo at a total consideration of RMB3,864,000.

PRINCIPAL TERMS OF THE SALES CONTRACT

Date

8 July 2020

Parties

- (a) Sinochem Fertilizer
- (b) Bluestar Adisseo

Nature of transaction

Pursuant to the Sales Contract, Sinochem Fertilizer agreed to purchase 8,000 tonnes of ammonium sulphate crystal (a type of fertilizer) from Bluestar Adisseo.

Consideration and payment

Pursuant to the Sales Contract, the unit price of ammonium sulphate crystal per tonne shall be RMB483. The total consideration of the Transaction shall be RMB3,864,000, which will be funded by the Group with its internal resources.

The unit price of the products was determined by the parties through mutual negotiations based on the supply price of the key suppliers of ammonium sulphate products in July 2020. In determining such unit price, the Group has made reference to the latest reports published by Baiinfo (百川盈孚), an independent commodity information provider, and has taken into account the demand of its downstream customers.

Delivery

Bluestar Adisseo shall deliver the products to the port of Nanjing by 19 July 2020. Sinochem Fertilizer may pick up the products upon payment of the total consideration in full.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The price charged by Bluestar Adisseo for ammonium sulphate products is reasonable. Bluestar Adisseo is able to guarantee the sufficient supply of the products even during the period when the market resources are strained, and its products are also well recognized by the customers of the Group. Bluestar Adisseo is a reliable product supplier of the Group.

The Directors, including the independent non-executive Directors, are of the view that the Transaction has been conducted on normal commercial terms, was 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 its shareholders as a whole. None of the Directors is regarded as having a material interest in the Transaction, and hence none of the Directors has abstained from voting on the Board resolution to approve the Transaction.

PREVIOUS TRANSACTION

Prior to the Transaction, Sinochem Fertilizer entered into a sales contract with Bluestar Adisseo on 22 June 2020, pursuant to which Sinochem Fertilizer purchased 4,000 tonnes of ammonium sulphate crystal from Bluestar Adisseo at an unit price of RMB480 per tonne for a total consideration of RMB1,920,000. Given that the applicable percentage ratios in respect of the Previous Transaction were less than 0.1%, the Previous Transaction was exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

IMPLICATIONS OF THE LISTING RULES

Sinochem Fertilizer is an indirect wholly-owned subsidiary of the Company. ChemChina is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. Bluestar Adisseo is an indirect non-wholly owned subsidiary of ChemChina, and also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the Transaction constitutes a connected transaction of the Company. The applicable percentage ratios in respect of the Transaction, if calculated on a standalone basis, are less than 0.1%, but if calculated on an aggregate basis with the Previous Transaction, are more than 0.1% but less than 5%. Therefore, the Transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of 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, distribution and agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses.

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.

Bluestar Adisseo is specialized in the research and development, innovation, production and sale of additives used in animal nutrition. The products of Bluestar Adisseo include methionine, vitamin, ammonium sulphate and sodium sulphate, etc.

Bluestar Adisseo is an indirect non-wholly owned subsidiary of ChemChina. ChemChina is primarily engaged in the production and sale of chemical raw materials, chemical products, chemical minerals, fertilizers, agrichemicals (excluding hazardous chemicals), plastics, tyres, rubber products, membrane equipment and chemical equipment; the production and sale of mechanical products, electronic products, instruments and apparatus, construction materials, textiles, light industrial products, forest products and forest chemical products; and the research, development, design and construction of chemical equipment, chemical cleaning, anticorrosion, petrochemicals and water technology. The sole shareholder of ChemChina is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Bluestar Adisseo”	Bluestar Adisseo Nanjing Co., Ltd. (藍星安迪蘇南京有限公司), a limited liability company incorporated under the laws of the PRC, and an indirect non-wholly owned subsidiary of ChemChina
“Board”	the board of Directors of the Company
“ChemChina”	China National Chemical Corporation Limited (中國化工集團有限公司), a limited liability company incorporated under the laws of the PRC, and the ultimate controlling shareholder 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
“connected transaction”	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
“Previous Transaction”	the purchase by Sinochem Fertilizer of 4,000 tonnes of ammonium sulphate crystal from Bluestar Adisseo pursuant to the sales contract dated 22 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Sales Contract”	the sales contract dated 8 July 2020 entered into between Sinochem Fertilizer and Bluestar Adisseo
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.10 each in the capital of the Company
“Sinochem Fertilizer”	Sinochem Fertilizer Company Limited (中化化肥有限公司), a limited liability company incorporated under the laws of the PRC, 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
“Transaction”	the purchase by Sinochem Fertilizer of 8,000 tonnes of ammonium sulphate crystal from Bluestar Adisseo pursuant to the Sales Contract
“%”	percent

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

Hong Kong, 8 July 2020

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