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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)

CONNECTED TRANSACTION

TRANSFER OF TRUST BENEFICIAL RIGHTS UNDER TRUST SCHEMES

On 12 March 2018, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company (as the transferee), entered into the Transfer Agreement with Sinochem Finance (as the transferor) and FOTIC (as the trustee), pursuant to which Sinochem Finance has agreed to transfer, and Sinochem Fertilizer has agreed to acquire, the Trust Beneficial Rights under the Trust Schemes established by FOTIC at a consideration of RMB296,420,000.

Sinochem Finance is a wholly-owned subsidiary of Sinochem Corporation, which is owned as to 98% by Sinochem Group. Sinochem Group is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company. Accordingly, Sinochem Finance is a connected person of the Company. FOTIC, held as to 96.22% by Sinochem Corporation and 3.78% by Sinochem Finance, is also a connected person of the Company. 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

On 12 March 2018, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company (as the transferee), entered into the Transfer Agreement with Sinochem Finance (as the transferor) and FOTIC (as the trustee), pursuant to which Sinochem Finance has agreed to transfer, and Sinochem Fertilizer has agreed to acquire, the Trust Beneficial Rights under the Trust Schemes established by FOTIC at a consideration of RMB296,420,000.

PRINCIPAL TERMS OF THE TRANSFER AGREEMENT

Date

12 March 2018

Parties

- (a) Sinochem Fertilizer (as the transferee)
- (b) Sinochem Finance (as the transferor)
- (c) FOTIC (as the trustee)

Nature of the Transaction

Pursuant to the Transfer Agreement, Sinochem Finance has agreed to transfer, and Sinochem Fertilizer has agreed to acquire, the Trust Beneficial Rights under the Trust Schemes established by FOTIC, representing the corresponding trust beneficial rights and all rights and obligations of the principal of the Trust Schemes in the sum of RMB296,420,000.

Consideration and Payment

The consideration of the Transaction is RMB296,420,000, which shall be paid by Sinochem Fertilizer on 15 March 2018. The Trust Beneficial Rights will be transferred at par value based on the carrying value of the corresponding trust units of the principal of the Trust Schemes in the sum of RMB296,420,000.

The consideration of the Transaction will be funded by the internal resources of the Group.

Conditions Precedent

The transfer of the Trust Beneficial Rights shall become effective subject to the satisfaction of all the conditions precedent set out below:

- (a) The Transfer Agreement shall have been signed and sealed by Sinochem Fertilizer, Sinochem Finance and FOTIC;
- (b) Sinochem Fertilizer shall have paid the consideration of the Transaction to Sinochem Finance, and Sinochem Fertilizer and Sinochem Finance shall have delivered the receipt and payment vouchers to FOTIC;
- (c) FOTIC shall have completed all formalities in relation to the change of registration of the Trust Beneficial Rights; and
- (d) The Transaction is in compliance with the regulatory requirements with respect to transfer of trust beneficial rights and anti-money laundering.

Income Distribution

After the transfer of the Trust Beneficial Rights becomes effective, FOTIC shall distribute the trust income under the Trust Schemes to Sinochem Fertilizer on predetermined dates as stipulated in the Trust Schemes. Sinochem Fertilizer has agreed that it will pay to Sinochem Finance the trust income (amounting to approximately RMB5,612,000) to which Sinochem Finance should be entitled prior to the date on which the transfer of the Trust Beneficial Rights takes effect.

INFORMATION ON THE TRUST SCHEMES

The Trust Beneficial Rights transferred by Sinochem Finance to Sinochem Fertilizer under the Transfer Agreement involve four Trust Schemes established by FOTIC, the details of which are listed as follows:

Trust Scheme	Huijin No. 2 Consumer Credit Collective Fund Trust Scheme No. 68-35	Huijin No. 3 Weixin Consumer Credit Collective Fund Trust Scheme No. 51-7	Huijin No. 3 Weixin Consumer Credit Collective Fund Trust Scheme No. 52-5	Wuxing Huijin Small and Micro Fund Collective Fund Trust Scheme No. 3-14
Date of Establishment	22 August 2017	16 June 2017	19 July 2017	9 December 2016
Maturity Date	7 July 2019	16 June 2019	19 July 2019	9 December 2018
Principal amount to be transferred by Sinochem Finance	46,420,000	80,000,000	70,000,000	100,000,000
Original acquisition cost of Sinochem Finance	46,420,000	80,000,000	70,000,000	100,000,000
Carrying value as at the date of this announcement	46,420,000	80,000,000	70,000,000	100,000,000
Expected rate of return	Approximately 7.3%	Approximately 7.3%	Approximately 7.2%	Approximately 7.0%

Funds raised by all of the above Trust Schemes are used to provide small amount of credit capitals to qualified individuals with guarantors, account receivables or properties as pledge or guarantee, and Sinochem Fertilizer will invest in the Trust Schemes as a preferential beneficiary.

REASONS FOR AND BENEFITS OF THE TRANSACTION

When compared with the subscription of newly issued trust products, the investment made by Sinochem Fertilizer by way of acquisition of the Trust Beneficial Rights from Sinochem Finance will offer more flexibility in term of time for investment and can enhance capital efficiency. In addition, the duration of the Trust Schemes is perfectly matched with the investable period of the surplus funds of Sinochem Fertilizer. Through the acquisition of the Trust Beneficial Rights, Sinochem Fertilizer may apply its surplus funds to financial investment whose risks are controllable, and thus reduce its capital cost.

The Directors, including the independent non-executive Directors, are of the view that the Transaction is conducted on normal commercial terms and 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. Mr. Zhang Wei and Mr. Yang Lin, being Directors of the Company and management members of Sinochem Group, have abstained from voting on the relevant Board resolution to approve the Transaction.

IMPLICATIONS OF THE LISTING RULES

Sinochem Finance is a wholly-owned subsidiary of Sinochem Corporation, which is owned as to 98% by Sinochem Group. Sinochem Group is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company. Accordingly, Sinochem Finance is a connected person of the Company. FOTIC, held as to 96.22% by Sinochem Corporation and 3.78% by Sinochem Finance, is also a connected person of the Company. 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.

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.

Sinochem Group is a key state-controlled enterprise established in 1950. Sinochem Group's core businesses include: the businesses of energy, chemical, agriculture, real estate and finance, etc.

Sinochem Finance is a non-bank financial institution established in September 2007 with the approval of the People's Bank of China. It is subject to the supervision of the China Banking Regulatory Commission. Sinochem Finance is principally engaged in the provision of financial services to member units of Sinochem Corporation, mainly including financial and financing advisory service, credit authentication and related consulting service, agency service; provision of guarantees; entrusted loan and investment; bill acceptance and discount; settlement service; deposit service; loan and finance lease, etc.

The main business of FOTIC includes capital trust; chattel trust; real estate trust; negotiable securities trust; other property or property right trust; involvement in investment fund business as a sponsor of investment funds or fund management companies; asset restructuring of operating enterprises, merger and acquisition and project finance, corporate wealth management and financial advisory service, etc.

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(s)”	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
“FOTIC”	中國對外經濟貿易信托有限公司 (China Foreign Economy and Trade Trust Co., Ltd.), a company incorporated in the PRC with limited liability, which is owned as to 96.22% by Sinochem Corporation and 3.78% by Sinochem Finance
“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
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“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 incorporated in the PRC with limited liability and a subsidiary of Sinochem Group
“Sinochem Fertilizer”	中化化肥有限公司(Sinochem Fertilizer Company Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Sinochem Finance”	中化集團財務有限責任公司(Sinochem Group Finance Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Sinochem Corporation
“Sinochem Group”	中國中化集團有限公司(Sinochem Group Co. Ltd.), 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
“Transaction”	the transfer of the Trust Beneficial Rights by Sinochem Finance to Sinochem Fertilizer pursuant to the Transfer Agreement
“Transfer Agreement”	the “Agreement for the Transfer of Trust Beneficial Rights” entered into by Sinochem Fertilizer (as the transferee) with Sinochem Finance (as the transferor) and FOTIC (as the trustee) on 12 March 2018
“Trust Beneficial Rights”	the corresponding trust beneficial rights and all rights and obligations of the principal of the Trust Schemes in the sum of RMB296,420,000
“Trust Schemes”	four trust schemes established by FOTIC, namely, Huijin No. 2 Consumer Credit Collective Fund Trust Scheme No. 68-35, Huijin No. 3 Weixin Consumer Credit Collective Fund Trust Scheme No. 51-7, Huijin No. 3 Weixin Consumer Credit Collective Fund Trust Scheme No. 52-5 and Wuxing Huijin Small and Micro Fund Collective Fund Trust Scheme No. 3-14
“%”	percent

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Qin Hengde

Executive Director and Chief Executive Officer

Hong Kong, 12 March 2018

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) and 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*