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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 CONTRACT FOR THE ELECTRICAL EQUIPMENT RENOVATION PROJECT

The electrical equipment of the concentration section, sewage circulation section and MDCP section of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, after being in operation for a long period of time, have been deteriorating in performance and decreasing in reliability. In order to ensure the improvement of the basic management of electrical equipment, the continuous promotion of electrical standardization construction, and the long-term safe operation of electrical equipment in the power supply and distribution system, Sinochem Yunlong plans to conduct the renovation work regarding the above-mentioned three sections. Sinochem Yunlong has proceeded with the public tender process in accordance with the relevant requirements and confirmed CBLE and Yunnan Qiangshi as the joint successful bidders.

The Board announces that on 25 October 2024, Sinochem Yunlong, CBLE and Yunnan Qiangshi entered into the Contract for the Electrical Equipment Renovation Project, pursuant to which, Sinochem Yunlong has engaged CBLE and Yunnan Qiangshi to conduct the renovation work regarding the electrical equipment of the concentration section, sewage circulation section and MDCP section at a total consideration of RMB15,151,022.8.

LISTING RULES IMPLICATIONS

Sinochem Holdings 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. CBLE, an indirect subsidiary of Sinochem Holdings, is also a connected person of the Company. As such, the transaction under the Contract for the Electrical Equipment Renovation Project constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio in respect of the transaction under the Contract for the Electrical Equipment Renovation Project is more than 0.1% but less than 5%, such 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

The electrical equipment of the concentration section, sewage circulation section and MDCP section of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, after being in operation for a long period of time, have been deteriorating in performance and decreasing in reliability. In order to ensure the improvement of the basic management of electrical equipment, the continuous promotion of electrical standardization construction, and the long-term safe operation of electrical equipment in the power supply and distribution system, Sinochem Yunlong plans to conduct the renovation work regarding the above-mentioned three sections. Sinochem Yunlong has proceeded with the public tender process in accordance with the relevant requirements and confirmed CBLE and Yunnan Qiangshi as the joint successful bidders.

The Board announces that on 25 October 2024, Sinochem Yunlong, CBLE and Yunnan Qiangshi entered into the Contract for the Electrical Equipment Renovation Project, pursuant to which, Sinochem Yunlong has engaged CBLE and Yunnan Qiangshi to conduct the renovation work regarding the electrical equipment of the concentration section, sewage circulation section and MDCP section at a total consideration of RMB15,151,022.8.

PRINCIPAL TERMS OF THE CONTRACT FOR THE ELECTRICAL EQUIPMENT RENOVATION PROJECT

Date

25 October 2024

Parties

- (a) Sinochem Yunlong
- (b) CBLE and Yunnan Qiangshi

Scope of services

Pursuant to the Contract for the Electrical Equipment Renovation Project, CBLE and Yunnan Qiangshi will provide the following services to Sinochem Yunlong:

- (i) Concentration section: laying of high-voltage cable for 10kV transformer inlet in the concentration section and extraction section; removal of cable trays, power cables, control cables, instrument cables, transformers, and distribution cabinets in the power distribution room; re-laying of cable trays, power cables, control cables, and instrument cables throughout the system; replacement, installation and commissioning of transformers, distribution cabinets and control boxes; the low-voltage inverter is reused and centrally installed in the concentrated high-voltage distribution room; services including design, procurement and construction.
- (ii) Sewage circulation section: laying of high-voltage cables for 10kV transformer inlet; removal of cable trays, power cables, control cables, instrument cables, and distribution cabinets in the power distribution room; re-laying of cable trays, power cables, control cables, and instrument cables throughout the system; replacement,

installation and commissioning of power distribution cabinets and control boxes; services including design, procurement and construction.

- (iii) MDCP section: laying of high-voltage cables for 10kV transformer inlet; renovation of low-voltage power distribution room, including dismantling and replacement, installation and commissioning of distribution cabinets; the low-voltage inverter is centrally installed in the power distribution room; services including design, procurement and construction.

Construction period

- (i) Scheduled commencement date: 26 October 2024;
- (ii) Scheduled completion date: 5 December 2024;
- (iii) Warranty period: 2 years from the date of satisfactory inspection and acceptance.

Consideration and its payment

The total consideration for the Contract for the Electrical Equipment Renovation Project is RMB15,151,022.8, including design fee of RMB405,000, equipment purchase fee of RMB7,229,022, construction and installation fee of RMB6,686,408.54, provisional amount of RMB300,000 and other expenses of RMB530,592.26. The aforementioned consideration was determined through a public tender process and by reference to the scope and estimated workload of the services to be provided by CBLE and Yunnan Qiangshi to Sinochem Yunlong.

The total consideration for the Contract for the Electrical Equipment Renovation Project will be paid in accordance with the following payment schedule:

- (i) The design work will be paid in accordance with the image progress with the following stages and payment ratios:
 - a) 50% of the design fee will be paid after submission of preliminary version of construction drawing documents;
 - b) 40% of the design fee will be paid after the construction drawings having been reviewed and accepted.
- (ii) Payment for construction work is made on a monthly basis, with the progress payment percentage being 80% of the work completed during the month.
- (iii) Payment for procurement of major equipment and materials:
 - a) After the contract has come into effect and Sinochem Yunlong receives the purchase orders and relevant settlement supporting vouchers for the equipment and materials procured by CBLE, 20% of the payment for such equipment and materials shall be paid within 15 days;

- b) Upon unloading of the goods to the delivery location, satisfactory inspection and acceptance of the goods on arrival and upon receipt of the special full value invoices with value-added tax issued by CBLE to Sinochem Yunlong, Sinochem Yunlong shall pay 60% of the payment for such equipment and materials.
- (iv) Upon satisfactory completion and acceptance of the project, payment shall be made up to 97% of the audited settlement price agreed by Sinochem Yunlong.
- (v) The remaining 3% as warranty deposit shall be paid (without interest) after 2 years from the date of satisfactory completion and acceptance of the project and subject to the review and confirmation by professional engineers from Sinochem Yunlong.

The aforementioned payment is only payable to the leading party of the joint parties (i.e. CBLE), and CBLE shall assure the payment of the relevant part to Yunnan Qiangshi as agreed in the joint agreement between CBLE and Yunnan Qiangshi in full and on time.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACT FOR THE ELECTRICAL EQUIPMENT RENOVATION PROJECT

The electrical equipment of the concentration section, sewage circulation section and MDCP section of Sinochem Yunlong, after being in operation for a long period of time, have been deteriorating in performance and decreasing in reliability. Entering into the Contract for the Electrical Equipment Renovation Project will be helpful for Sinochem Yunlong to conduct the renovation work on the aforementioned three sections, to ensure the improvement of the basic management of electrical equipment, the continuous promotion of electrical standardization construction, and the long-term safe operation of electrical equipment in the power supply and distribution system.

Sinochem Yunlong selected service providers with relevant qualifications for relevant projects through public tender process in accordance with the aforementioned requirements. Both of CBLE and Yunnan Qiangshi possess the relevant qualifications and expertise to provide services under the Contract for the Electrical Equipment Renovation Project to Sinochem Yunlong.

The Directors, including the independent non-executive Directors, are of the view that the transaction under the Contract for the Electrical Equipment Renovation Project is entered into by the Group on normal commercial terms and in its ordinary and usual course of business, is fair and reasonable and in the interests of the Company and its shareholders as a whole. As none of the Directors is regarded as having a material interest in the Contract for the Electrical Equipment Renovation Project or the transactions contemplated thereunder, no Director has abstained from voting on the resolution of the Board approving the Contract for the Electrical Equipment Renovation Project and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Sinochem Holdings 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. CBLE, an indirect subsidiary of Sinochem Holdings, is also a connected person of the Company. As such, the transaction under the Contract for the Electrical Equipment Renovation Project constitutes a connected transaction of the Company

under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio in respect of the transaction under the Contract for the Electrical Equipment Renovation Project is more than 0.1% but less than 5%, such 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, import and export, distribution and retail of raw materials and finished products of crop nutrition products, provision of technological research and development and services relating to crop nutrition business and products, exploration and exploitation of phosphate mine, and production of monocalcium/dicalcium phosphate (MCP/DCP).

Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, is principally engaged in the mining, beneficiation, and production and sale of DCP.

Sinochem Holdings is the ultimate controlling shareholder of the Company. It is a large-scale chemical conglomerate operating in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operation, and industrial finance. The sole shareholder of Sinochem Holdings is the State-owned Assets Supervision and Administration Commission of the State Council.

CBLE, a subsidiary of Sinochem Holdings, is principally engaged in the scientific research and development, design and consultation, general engineering contracting, surveying and project supervision, etc., and the scope of its business involves chemical mining engineering, environmental engineering, chemical engineering, architectural engineering and municipal engineering, etc.

Yunnan Qiangshi is mainly engaged in the construction of construction projects (except for the construction and operation of nuclear power plants and the construction of civil airports); the installation, maintenance and testing of power transmission, power supply and power receiving facilities. As of the date of this announcement, each of two natural persons, Shi Yuan and Ruan Yanping, holds 85% and 15% of equity interests in Yunnan Qiangshi, respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Yunnan Qiangshi and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

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
“CBLE”	中藍連海設計研究院有限公司 (China Bluestar Lehigh Engineering Corporation), a company incorporated in the PRC with limited liability, and a non-wholly owned subsidiary of Sinochem Holdings

“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(s)”	has the same meaning ascribed to it under the Listing Rules
“Contract for the Electrical Equipment Renovation Project”	the contract for the electrical equipment renovation project dated 25 October 2024 entered into between Sinochem Yunlong, and CBLE and Yunnan Qiangshi for the concentration section, sewage circulation section and MDCP section
“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
“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 Administration Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sinochem Holdings”	中國中化控股有限責任公司 (Sinochem Holdings Corporation Ltd.), a state-owned enterprise incorporated in the PRC, and the ultimate controlling shareholder of the Company
“Sinochem Yunlong”	中化雲龍有限公司 (Sinochem Yunlong Co., Ltd.), a company incorporated in the PRC with limited liability, 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
“Yunnan Qiangshi”	雲南強世建設工程有限公司 (Yunnan Qiangshi Construction Engineering Co., Ltd.), a company incorporated in the PRC with limited liability and an independent third party of the Company

“%”

percent

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Su Fu
Chairman of the Board

Hong Kong, 25 October 2024

As at the date of this announcement, the non-executive director of the Company is Mr. Su Fu (Chairman); the executive directors of the Company are Mr. Wang Tielin (Chief Executive Officer), Ms. Chen Shengnan and Ms. Wang Ling; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Sun Po Yuen.