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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 EPC GENERAL CONTRACTING AGREEMENT**

The 7000m<sup>3</sup> initial rainwater collection tank of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, after being in operation for a long period of time, has been deteriorating in performance and decreasing in reliability. In order to ensure safe operation, Sinochem Yunlong plans to replace the bottom of the above 7000m<sup>3</sup> initial rainwater collection tank. Sinochem Yunlong has proceeded with the public tender process in accordance with the relevant requirements and confirmed CBCF and Hebei Zhenxing as the Joint Successful Bidders.

The Board announces that on 17 April 2025, Sinochem Yunlong, CBCF and Hebei Zhenxing entered into the EPC General Contracting Agreement, pursuant to which, Sinochem Yunlong has engaged CBCF and Hebei Zhenxing to carry out the survey, design, procurement and construction of the replacement of the bottom of the 7000m<sup>3</sup> initial rainwater collection tank at the consideration of RMB6,616,031.66.

#### **LISTING RULES IMPLICATIONS**

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65 % of the total number of issued shares of the Company, and is a connected person of the Company. CBCF, an indirect subsidiary of Sinochem Holdings, is also a connected person of the Company. As such, the transactions under the EPC General Contracting Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Having taken into account the transactions of the similar nature previously conducted between the Group with Sinochem Holdings and its associates during the past 12 months, the highest applicable percentage ratio calculated on an aggregated basis exceeds 0.1% but is less than 5%. Accordingly, the transactions under the EPC General Contracting Agreement are 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 7000m<sup>3</sup> initial rainwater collection tank of Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, after being in operation for a long period of time, has been deteriorating in performance and decreasing in reliability. In order to ensure safe operation, Sinochem Yunlong plans to replace the bottom of the above 7000m<sup>3</sup> initial rainwater collection tank. Sinochem Yunlong has proceeded with the public tender process in accordance with the relevant requirements and confirmed CBCF and Hebei Zhenxing as the Joint Successful Bidders.

The Board announces that on 17 April 2025, Sinochem Yunlong, CBCF and Hebei Zhenxing entered into the EPC General Contracting Agreement, pursuant to which, Sinochem Yunlong has engaged CBCF and Hebei Zhenxing to carry out the survey, design, procurement and construction of the replacement of the bottom of the 7000m<sup>3</sup> initial rainwater collection tank at the consideration of RMB6,616,031.66.

## **PRINCIPAL TERMS OF THE EPC GENERAL CONTRACTING AGREEMENT**

### ***Date***

17 April 2025

### ***Parties***

- (a) Sinochem Yunlong
- (b) CBCF and Hebei Zhenxing

### ***Scope of services***

Under the EPC General Contracting Agreement, CBCF and Hebei Zhenxing shall provide Sinochem Yunlong with services including survey, design, procurement and construction work, including but not limited to: geological survey of water pools; demolition of pool base slabs, transportation and disposal of construction waste, demolition/renovation of ancillary facilities (fences, gate valves and steel platforms); as well as design, procurement and construction work for pool base slab anti-floating design, dewatering and pressure relief design, repairment of reinforced concrete pool base, and anti-seepage and anti-corrosion treatments.

### ***Construction period***

- (a) Commencement date: 18 April 2025
- (b) Completion date: 16 June 2025
- (c) Warranty period: 2 years from the date of satisfactory inspection and acceptance

The above construction period can be adjusted according to the written notification of commencement date from Sinochem Yunlong.

### ***Consideration and payment***

The total consideration for the EPC General Contracting Agreement is RMB6,616,031.66, including the fixed total engineering design fee of RMB250,000 (inclusive of tax) and the fixed total construction and installation fee of RMB6,366,031.66 (inclusive of tax), which includes RMB190,000 for HSE production safety expenses. 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 CBCF and Hebei Zhenxing to Sinochem Yunlong.

The total consideration for the EPC General Contracting Agreement will be paid in accordance with the following payment schedule:

- (a) The engineering design fee will be paid in accordance with the image progress with the following stages and payment ratios:
  - (i) 30% of the engineering design fee will be paid upon submission of the approved preliminary design documents and full-amount invoice by the Joint Successful Bidders;
  - (ii) 50% of the engineering design fee will be paid after the construction drawings have been reviewed and accepted.
- (b) The accumulative payment of construction and installation fee according to the progress shall not exceed 80% of the total construction and installation fee, and the payment is broken down as follows:
  - (i) The payment of HSE production safety expenses shall be completed in one lump sum upon submission of the performance guarantee letter, the approved commencement notice and the invoice of equivalent amount by the Joint Successful Bidders;
  - (ii) The payment for construction work shall be made on a monthly basis, with the progress payment percentage for construction and installation works being 80% of the work completed during the month;
  - (iii) The Joint Successful Bidders shall provide Sinochem Yunlong with a special VAT invoice for the full amount of the construction cost before paying each progress payment to the Joint Successful Bidders.
- (c) Upon satisfactory completion and acceptance of the project, payment shall be made up to the unpaid portion of 97% of the audited settlement price approved by Sinochem Yunlong.
- (d) 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 aforesaid payment is only payable to the leading party of the Joint Successful Bidders (i.e. CBCF), and CBCF shall assure the payment of the relevant part to Hebei Zhenxing as agreed in the Joint Successful Bidders' agreement between CBCF and Hebei Zhenxing in full and on time.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC GENERAL CONTRACTING AGREEMENT**

The 7000m<sup>3</sup> initial rainwater collection tank of Sinochem Yunlong, after being in operation for a long period of time, has been deteriorating in performance and decreasing in reliability. To ensure safe operation, Sinochem Yunlong plans to replace the bottom of the aforementioned 7000m<sup>3</sup> initial rainwater collection tank and has conducted a public tender process in accordance with the relevant requirements. Both CBCF and Hebei Zhenxing possess the requisite qualifications and expertise to provide services under the EPC General Contracting Agreement to Sinochem Yunlong.

The Directors (including the independent non-executive Directors), are of the view that the transactions under the EPC General Contracting Agreement are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, 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 EPC General Contracting Agreement or the transactions contemplated thereunder, no Director has abstained from voting on the resolution of the Board approving the EPC General Contracting Agreement 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 number of issued shares of the Company, and is a connected person of the Company. CBCF, an indirect subsidiary of Sinochem Holdings, is also a connected person of the Company. As such, the transactions under the EPC General Contracting Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into or completed within a 12-month period or are otherwise related. Having taken into account the transactions of the similar nature previously conducted between the Group with Sinochem Holdings and its associates during the past 12 months, the highest applicable percentage ratio calculated on an aggregated basis exceeds 0.1% but is less than 5%. Accordingly, the transactions under the EPC General Contracting Agreement are 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.

CBCF, an indirect subsidiary of Sinochem Holdings, is principally engaged in engineering survey and design (construction, municipal administration, industry, decoration, civil air defense, environmental protection and other special design and geotechnical engineering survey), engineering construction and general contracting (EPC), engineering supervision and project management, project cost consultation and bidding agency, etc.

Hebei Zhenxing is mainly engaged in foundation (grade I), steel structure (grade II), ancient buildings (grade II), building mechanical and electrical installation (grade I), decoration (grade II), fire protection facilities (grade II) and petrochemical (grade III) projects, and it also undertakes landscaping, land consolidation, environmental protection projects and construction labor subcontracting, as well as sales of building materials and equipment, etc. As of the date of this announcement, Hebei Zhenxing is held by two individual shareholders, namely Di Minghui and Hu Dengyun, as to 44.98% and 36.09% equity interests, respectively. The remaining 18.93% equity interests in Hebei Zhenxing are collectively held by five other individual shareholders, with none of whom holding 10% or more of the equity interests in Hebei Zhenxing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hebei Zhenxing 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:

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CBCF”	中藍長化工程科技有限公司 (China Bluestar Chonfar Engineering and Technology Co., Ltd.), 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
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“EPC General Contracting Agreement”	the EPC general contracting agreement dated 17 April 2025 entered into between Sinochem Yunlong, and CBCF and Hebei Zhenxing for the replacement of the bottom of the 7000m <sup>3</sup> initial rainwater collection tank
“Group”	the Company and its subsidiaries
“Hebei Zhenxing”	河北振興建築有限公司 (Hebei Zhenxing Construction Co., Ltd.), a company incorporated in the PRC with limited liability and an independent third party of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Successful Bidders”	CBCF and Hebei Zhenxing, the joint successful bidders for the EPC General Contracting Agreement
“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
“%”	percent

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

Hong Kong, 17 April 2025

*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.*