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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 TECHNICAL CONSULTING CONTRACT

Pursuant to the requirements under the environmental policies of the local government, Sinochem Fuling, an indirect non-wholly owned subsidiary of the Company, has relocated its plant from Nananpu Community, Fuling District, Chongqing to Baitao Chemical Industry Park. After the completion of relocation of its plant, Sinochem Fuling shall, as required by the relevant PRC laws and regulations, conduct the investigation and risk assessment on soil contamination with respect to its former plant and take measures against soil contamination based on the risk assessment results.

The Board announces that on 27 September 2023, Sinochem Fuling and Sinochem Environment entered into the Technical Consulting Contract, pursuant to which Sinochem Fuling has engaged Sinochem Environment to conduct the investigation and risk assessment on soil contamination with respect to its former plant at a total consideration of RMB17,308,000.

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. Sinochem Environment is an indirect subsidiary of Sinochem Holdings, and is also a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As 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 is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Background

Pursuant to the requirements under the environmental policies of the local government, Sinochem Fuling, an indirect non-wholly owned subsidiary of the Company, has relocated its plant from Nananpu Community, Fuling District, Chongqing to Baitao Chemical Industry Park. After the completion of relocation of its plant, Sinochem Fuling shall, as required by the relevant PRC laws and regulations, conduct the investigation and risk assessment on soil contamination with respect to its former plant and take measures against soil contamination based on the risk assessment results.

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Principal Terms of the Technical Consulting Contract

Date

27 September 2023

Parties

- (a) Sinochem Fuling
- (b) Sinochem Environment

Services to be provided

Pursuant to the Technical Consulting Contract, Sinochem Fuling has engaged Sinochem Environment to conduct the investigation and risk assessment on soil contamination with respect to its former plant, including but not limited to site topographical mapping, site demarcation, site hydrogeological survey, investigation on soil contamination, risk assessment on soil contamination, and investigation on phosphorus contamination of soil and groundwater at site.

Sinochem Environment shall prepare an investigation report and a risk assessment report on soil contamination, which shall be reviewed by the Fuling District Ecology and Environment Bureau and the Chongqing Municipal Ecology and Environment Bureau, respectively, and shall obtain approvals in respect of such reports. Sinochem Environment shall complete the investigation and risk assessment on soil contamination within 120 days and 240 days, respectively, following the execution of the Technical Consulting Agreement and the satisfaction of conditions for commencing the investigation at site.

Consideration and its payment

The total consideration for the Transaction is RMB17,308,000, which was determined through a public tender process and by reference to the scope and estimated workload of the services to be provided by Sinochem Environment to Sinochem Fuling.

The total consideration for the Transaction will be funded by the Group's internal resources, and shall be paid by Sinochem Fuling to Sinochem Environment by instalment:

- (a) Within ten working days from the date of the Technical Consulting Contract and upon payment of a performance bond by Sinochem Environment in accordance with the Technical Consulting Contract, Sinochem Fuling shall pay to Sinochem Environment 20% of the total consideration of the Transaction;
- (b) Within ten working days after Sinochem Environment has completed the investigation on soil contamination and obtained the approval from the Fuling District Ecology and Environment Bureau, Sinochem Fuling shall pay to Sinochem Environment 30% of the total consideration of the Transaction;
- (c) Upon completion of an on-site sampling by Sinochem Environment as part of the risk assessment on soil contamination, Sinochem Fuling shall pay to Sinochem Environment 30% of the total consideration of the Transaction; and
- (d) Within ten working days after Sinochem Environment has completed the risk assessment on soil contamination and obtained the approval from the Chongqing Municipal Ecology and

Environment Bureau, Sinochem Fuling shall pay to Sinochem Environment 17% of the total consideration of the Transaction, and the remaining amount (i.e. 3% of the total consideration of the Transaction) shall be retained as a quality guarantee deposit and paid by Sinochem Fuling after six months.

REASONS FOR AND BENEFITS OF THE TRANSACTION

After the completion of relocation of its plant, Sinochem Fuling shall, as required by the relevant PRC laws and regulations, conduct the investigation and risk assessment on soil contamination with respect to its former plant and take measures against soil contamination based on the risk assessment results. Sinochem Fuling intended to engage a professional institution to conduct the investigation and risk assessment on soil contamination with respect to its former plant, and therefore published a public tender document on the China Tendering & Bidding Public Service Platform in this regard. Having considered the technical experience of all bidders, their professional qualification, business reputation, management capability, quotation provided and other relevant factors, Sinochem Fuling has selected Sinochem Environment as the successful bidder.

The Company considers that Sinochem Environment has full understanding and sufficient knowledge of the purposes and principles of the environmental investigation and risk assessment on soil contamination and the latest administrative requirements of Chongqing government, the implementation plan and technical measures suggested by Sinochem Environment for such investigation and risk assessment are reasonably feasible, and the person in charge of the project and any personnel to be involved have strong professional expertise and extensive experience. The Transaction will facilitate Sinochem Fuling to complete the investigation and risk assessment on soil contamination with respect to its former plant in a compliant and efficient manner.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is 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 Transaction, no Director has abstained from voting on the resolution of the Board approving the Transaction.

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. Sinochem Environment is an indirect subsidiary of Sinochem Holdings, and is also a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As 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 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 Fuling, an indirect non-wholly owned subsidiary of the Company, is owned as to 74.56% by the Company indirectly and as to 25.27% in aggregate by the Fuling District State-owned Assets Supervision and Administration Commission of Chongqing and its subsidiary. Sinochem Fuling is primarily engaged in the production and sale of phosphate compound fertilizer products.

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 SASAC.

Sinochem Environment, an indirect subsidiary of Sinochem Holdings, is specialized in the process research and development, consultation, design, procurement, construction management, start-up guidance, engineering general contracting, investment and operation, and other whole process services in various professional fields such as the environmental protection and chemical industries.

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
“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
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, exclude Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.10 each in the capital of the Company
“Sinochem Environment”	中化環境科技工程有限公司 (Sinochem Environment Holdings Co., Ltd.), a company incorporated in the PRC with limited liability, and an indirect subsidiary of Sinochem Holdings

“Sinochem Fuling”	中化重慶涪陵化工有限公司 (Sinochem Fuling Chongqing Chemical Industry Co., Ltd.), a company incorporated in the PRC with limited liability, and an indirect non-wholly owned subsidiary of the Company
“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, which is wholly owned by the SASAC, and is 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 provision of services by Sinochem Environment to Sinochem Fuling under the Technical Consulting Contract to assist Sinochem Fuling in conducting the investigation and risk assessment on soil contamination with respect to its former plant
“Technical Consulting Contract”	the technical consulting contract dated 27 September 2023 entered into between Sinochem Fuling and Sinochem Environment
“%”	percent

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Liu Hongsheng
Chairman

Hong Kong, 27 September 2023

As at the date of this announcement, the executive directors of the Company are Mr. Wang Jun and Ms. Wang Ling; the non-executive director of the Company is Mr. Liu Hongsheng (Chairman); and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.