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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 INTELLIGENT DRIP IRRIGATION PROJECT

The Board announces that on 25 March 2024, Sinochem Linyi, an indirect wholly-owned subsidiary of the Company, and Sinochem Environment Shandong entered into the Contract for the Intelligent Drip Irrigation Project, pursuant to which Sinochem Linyi agreed to provide Sinochem Environment Shandong with the equipment required for the Intelligent Drip Irrigation Project, as well as services such as the installation/installation guidance, commissioning/commissioning guidance in relation to such equipment under the project, at the Consideration of RMB11,905,887.40.

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 Shandong 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

Located in Lesheng Village, Da'an City, Jilin Province, the Intelligent Drip Irrigation Project of Sinochem Environment Shandong is planned for the purpose of growing maize and oats. The drip irrigation system for the project area is designed according to well locations and strip field allocations, with an aim to achieve the functions as follows: the drip irrigation system is equipped with both the first dual filtration system and the first fertilization system for integrating irrigation with fertilization, with a view to achieving water and fertilizer integration that allows a combination of drip irrigation and fertilization. It is also designed to have a remote control system to realize smart control function.

Sinochem Linyi, an indirect wholly-owned subsidiary of the Company, was determined through the public tender and bidding process as the successful bidder of the Intelligent Drip Irrigation Project of Sinochem Environment Shandong.

The Board announces that on 25 March 2024, Sinochem Linyi and Sinochem Environment Shandong entered into the Contract for the Intelligent Drip Irrigation Project, pursuant to which Sinochem Linyi agreed to provide Sinochem Environment Shandong with the equipment required for the Intelligent Drip Irrigation Project, as well as services such as the installation/installation guidance, commissioning/commissioning guidance in relation to such equipment under the project, at the Consideration of RMB11,905,887.40.

Principal Terms of the Contract for the Intelligent Drip Irrigation Project

Date

25 March 2024

Parties

- (a) Sinochem Environment Shandong
- (b) Sinochem Linyi

Subject Matter of the Project and its Scope of Work

Pursuant to the Contract for the Intelligent Drip Irrigation Project, Sinochem Linyi agreed to provide Sinochem Environment Shandong with the equipment required for the Intelligent Drip Irrigation Project, as well as services such as the installation/installation guidance, commissioning/commissioning guidance in relation to such equipment under the project, including but not limited to the tasks such as manufacturing of equipment, its purchase, spare parts, transportation and insurance, loading and unloading, storage, installation, commissioning, testing and technical guidance, training, services for warranty period.

Service period

- (a) Supply of goods in Phase I: Completion will take place no later than 30 March 2024.
- (b) Installation, commissioning and trial operation in Phase I: Completion will take place no later than 10 April 2024.
- (c) Supply and delivery of goods in Phase II: The date of the supply and delivery of goods in Phase II will be determined, through consultation, by the parties following the completion of the tasks for Phase I and, in any event, no later than 30 June 2025.

Consideration and its payment

The Consideration for the Transaction is RMB11,905,887.40, which was determined through the public tender and bidding process, taking into account the costs associated with the equipment, installation service fees and profit objectives.

The Consideration for the Transaction will be paid by Sinochem Environment Shandong to Sinochem Linyi by instalments:

- (a) Upon the Contract for the Intelligent Drip Irrigation Project coming into effect, Sinochem Linyi will provide an unconditional, irrevocable and on-demand performance guarantee issued by the bank recognized by Sinochem Environment

Shandong in advance or credit a performance bond into the bank account designated by Sinochem Environment Shandong, and Sinochem Environment Shandong shall, within ten working days after the issue by Sinochem Linyi of a special value-added tax invoice (that represents the amount equivalent to an advance payment), pay 30% of the Consideration to Sinochem Linyi as the advance payment;

- (b) Pursuant to the Contract for the Intelligent Drip Irrigation Project, Sinochem Linyi will deliver all equipment, including the first drip irrigation system, the field pipeline network system and the smart control system, to the place of delivery as designated by Sinochem Environment Shandong, which will then carry out an inspection of the equipment upon its arrival and sign a certificate of inspection in respect thereof. Following the completion of the above, Sinochem Environment Shandong shall, within ten working days after the issue by Sinochem Linyi of a special value-added tax invoice (that represents the amount equivalent to the payment for goods), pay 30% of the Consideration to Sinochem Linyi as the payment for goods;
- (c) Following the completion by Sinochem Linyi of the installation, commissioning and trial operation of the intelligent drip irrigation system for each phase, and the performance assessment and inspection of the same and the issue of a certification of inspection on performance by Sinochem Environment Shandong, Sinochem Environment Shandong shall, within ten working days after the issue by Sinochem Linyi of a special value-added tax invoice (that represents the corresponding payment amount), pay 30% of the Consideration to Sinochem Linyi as the payment for installation and commissioning of the system;
- (d) After one year from the acceptance of inspection of the intelligent drip irrigation system for each phase and the signing of a certification of inspection, Sinochem Environment Shandong shall, within ten working days after the issue by Sinochem Linyi of a special value-added tax invoice (that represents the amount equivalent to the remaining 10% of the balance payment), pay 5% of the amount for that phase to Sinochem Linyi as the technical service fee; and
- (e) 5% of the Consideration for the Transaction will be deemed as a quality assurance fund, which will be applied in accordance with the ratio of payment for each phase, and the warranty period shall be two years commencing from the date of completion of the inspection. Sinochem Linyi shall perform its obligation of quality assurance as required by the contract during the warranty period to ensure that the equipment is free from any quality issue. Within 30 days after the end of the warranty period, Sinochem Environment Shandong shall pay the quality assurance fund, without bearing any interest, to Sinochem Linyi.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Sinochem Linyi, an indirect wholly-owned subsidiary of the Company, is primarily engaged in the research and development and sale of agricultural machineries, sale of intelligent instruments, provision of consulting services on water conservancy projects, project management and irrigation services, etc. The Intelligent Drip Irrigation Project constitutes part of the infrastructures for intelligent water and fertilizer integration and is one of the principal businesses of Sinochem Linyi. Through the implementation of the Intelligent Drip Irrigation Project, Sinochem Linyi may improve the way in which its intelligent water and fertilizer integration projects are managed and also create a model for water and fertilizer integration

projects involving the fields of over 10,000 acres. Further, Sinochem Linyi can open up access channels to orders of intelligent water and fertilizer integration in connection with any saline-alkali modified lands.

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 Shandong 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 Linyi, an indirect wholly-owned subsidiary of the Company, is primarily engaged in the research and development and sale of agricultural machineries, sale of intelligent instruments, provision of consulting services on water conservancy projects, project management and irrigation services, etc.

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 Shandong, an indirect subsidiary of Sinochem Holdings, is primarily engaged in the provision of solutions for the entire life cycle of lands, including investigation and evaluation, design of solutions, equipment cleaning, project implementation, land development and industry introduction; remediation of industrial sites, mines, farmlands and groundwater; and promotion of solidification and stabilization technology, ex-situ thermal desorption technology, chemical oxidation technology, and natural mineral-based remediation technology.

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(s)”	has the same meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of RMB11,905,887.40 payable by Sinochem Environment Shandong to Sinochem Linyi under the Contract for the Intelligent Drip Irrigation Project
“Contract for the Intelligent Drip Irrigation Project”	the contract for the Intelligent Drip Irrigation Project dated 25 March 2024 entered into between Sinochem Linyi and Sinochem Environment Shandong
“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
“Intelligent Drip Irrigation Project”	the first phase of the intelligent drip irrigation project of the Da’an saline-alkali land comprehensive management project located in Lesheng Village, Da’an City, Jilin Province
“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 Shandong”	中化環境修復（山東）有限公司 (Sinochem Environment Remediation (Shandong) Co., Ltd.), a company incorporated in the PRC with limited liability, and an indirect subsidiary of Sinochem Holdings
“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
“Sinochem Linyi”	中化（臨沂）作物營養有限公司 (Sinochem (Linyi) Crop Nutrition 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
“Transaction”	the provision by Sinochem Linyi to Sinochem Environment Shandong under the Contract for the Intelligent Drip Irrigation Project of the equipment required for the Intelligent Drip Irrigation Project, as well as services such as the installation/installation guidance, commissioning/commissioning guidance in relation to such equipment under the project
“%”	percent

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

Hong Kong, 25 March 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 Jun and Ms. Wang Ling; and the independent non-executive Directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.