## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Sinofert Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

## MAJOR AND CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT; AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders**



**SOMERLEY CAPITAL LIMITED**

A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 21 of this circular. A letter from Somerley, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 45 of this circular.

A notice convening the SGM of Sinofert Holdings Limited to be held at 24th Floor, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on 19 December 2025 at 10:00 a.m. is set out on pages 53 to 54 of this circular. Whether or not you are able to attend and vote at the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy as instructed will not preclude you from subsequently attending and voting at the meeting or any adjourned meeting if you so wish.

4 December 2025

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

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|---|---|
| "associate(s)" | has the same meaning ascribed to it under the Listing Rules |
| "Board" | the board of Directors of the Company |
| "CNSG" | 中國種子集團有限公司 (China National Seed Group Co., Ltd.), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Syngenta Group |
| "CNSG Agreement" | the agreement for the use of fund dated 11 October 2023 entered into between Sinochem Fertilizer, as the lender, and CNSG, as the borrower, details of which are set out in the announcement of the Company dated 11 October 2023 and the circular of the Company dated 6 December 2023 |
| "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" | has the same meaning ascribed to it under the Listing Rules |
| "continuing 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 |
| "Deposit Services" | the deposit services provided by Sinochem Finance to the Group pursuant to the Financial Services Framework Agreement |
| "Director(s)" | the director(s) of the Company |
| "Existing Financial Services Framework Agreement" | the financial services framework agreement dated 24 August 2021 entered into between the Company and Sinochem Finance (as revised and renewed by the first supplemental agreement dated 5 August 2022, and the second supplemental agreement dated 11 October 2023, both entered into between the parties) |

| | |
|---|---|
| "Financial Services Framework Agreement" | the financial services framework agreement dated 27 October 2025 entered into between the Company and 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 |
| "Independent Board Committee" | the independent board committee of the Company formed to consider the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement |
| "Independent Financial Adviser" or "Somerley" | Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement |
| "Independent Shareholders" | shareholders other than Sinochem Holdings and its associates |
| "Latest Practicable Date" | 27 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "Loan Services" | the loan services (excluding entrustment loans) provided by Sinochem Finance to the Group pursuant to the Financial Services Framework Agreement |
| "maximum daily outstanding balance" | the daily outstanding balance of the total deposits (including accrued interest) placed by the Group with Sinochem Finance, calculated at the close of business of Sinochem Finance on a daily basis |

| | |
|---|---|
| "NFRA" | National Financial Regulatory Administration, the predecessor of which is the China Banking and Insurance Regulatory Commission |
| "Other Financial Services" | apart from the Deposit Services and the Loan Services, other financial services provided by Sinochem Finance to the Group pursuant to the Financial Services Framework Agreement, including entrustment loan services, commercial bills of exchange services, buyer credit services, settlement services, guarantee services, internet banking services and other financial services as approved by the NFRA, and risk assessment and risk control services |
| "PBOC" | the People's Bank of China, the central bank of the PRC |
| "PRC" | the People's Republic of China, which for the purposes of this circular only, excludes 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 |
| "SFO" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| "SGM" | the special general meeting of the Company to be held at 24th Floor, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on 19 December 2025 at 10:00 a.m. or any adjournment thereof, the notice of which is set out on pages 53 to 54 of this circular |
| "Share(s)" | ordinary share(s) of HK$0.10 each in the share capital of the Company |
| "shareholder(s)" | registered holder(s) of ordinary share(s) of HK$0.10 each in the capital of the Company |
| "Sinochem Agriculture" | 中化現代農業有限公司 (Sinochem Agriculture Holdings Limited), a limited liability company incorporated in the PRC, and a wholly-owned subsidiary of Syngenta Group |

| | |
|---|---|
| "Sinochem Agriculture Agreement" | the agreement for the use of fund dated 11 October 2023 entered into between Sinochem Fertilizer, as the lender, and Sinochem Agriculture, as the borrower, details of which are set out in the announcement of the Company dated 11 October 2023 and the circular of the Company dated 6 December 2023 |
| "Sinochem Corporation" | 中國中化股份有限公司 (Sinochem Corporation), a limited liability company incorporated in the PRC, and a subsidiary of Sinochem Group |
| "Sinochem Fertilizer" | 中化化肥有限公司 (Sinochem Fertilizer Company Limited), a limited liability company incorporated in the PRC, 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 limited liability company incorporated in the PRC, and a subsidiary of Sinochem Holdings |
| "Sinochem Group" | 中國中化集團有限公司 (Sinochem Group Co., Ltd.), a state-owned enterprise incorporated in the PRC, a wholly-owned 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 established in the PRC, which is wholly owned by 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 |
| "Syngenta Group" | 先正達集團股份有限公司 (Syngenta Group Co., Ltd.), a limited liability company incorporated in the PRC, an indirect wholly-owned subsidiary of Sinochem Holdings, and the indirect controlling shareholder of the Company |
| "Syngenta Group China" | Syngenta Group China, a management platform under Syngenta Group |
| "US$" | United States dollars, the lawful currency of the United States of America |
| "%" | Percent |

# SINOFERT HOLDINGS LIMITED
# 中化化肥控股有限公司

*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 297)**

*Non-Executive Directors:*
SU Fu *(Chairman)*
ZHANG Guangyan

*Executive Directors:*
WANG Tielin *(Chief Executive Officer)*
CHEN Shengnan
WANG Ling

*Independent Non-executive Directors:*
KO Ming Tung, Edward
LU Xin
SUN Po Yuen

*Registered office:*
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Principal place of business:*
Unit 4705, 47th Floor
Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

4 December 2025

*To: the shareholders*

Dear Sir or Madam,

## MAJOR AND CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

### INTRODUCTION

Reference is made to the announcement of the Company dated 27 October 2025 in relation to the Deposit Services to be provided by Sinochem Finance to the Group under the Financial Services Framework Agreement. The utilization of the Deposit Services constitute the provision of financial assistance by the Group, and are therefore subject to the requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with (i) further information on the details of the Financial Services Framework Agreement; (ii) the letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules.

## FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 24 August 2021, 5 August 2022 and 11 October 2023 in relation to the Existing Financial Services Framework Agreement entered into between the Company and Sinochem Finance. Pursuant to the Existing Financial Services Framework Agreement, the Group may utilize the financial services available from Sinochem Finance as it deems necessary for a term up to 31 December 2026.

On 27 October 2025, the Company and Sinochem Finance entered into the Financial Services Framework Agreement to increase the maximum daily outstanding balance of deposits placed by the Group with Sinochem Finance and to extend its term for a further period of three years, which shall take effect from the date immediately following the approval by the Independent Shareholders at the SGM. Upon the Financial Services Framework Agreement becoming effective, the Existing Financial Services Framework Agreement will cease to have effect.

### Principal Terms of the Financial Services Framework Agreement

***Date***

27 October 2025

***Parties***

(a) The Company; and

(b) Sinochem Finance

***Nature of transactions***

The Group will, from time to time, utilize the financial services available from Sinochem Finance as it deems necessary. Such services include:

(i) Deposit Services, including but not limited to demand deposits, call deposits and term deposits;

(ii) provision of the Loan Services (excluding entrustment loans) to members of the Group on normal commercial terms, where no mortgage, pledge or other security over the assets or interests of members of the Group will be granted;

(iii) arrangement of entrustment loans for members of the Group whereby Sinochem Finance serves as a financial agency. Such funds deposited by members of the Group will be applied for the purposes of providing entrustment loans only;

(iv) commercial bills of exchange services which include the provision to members of the Group on normal commercial terms of services relating to the issuance, acceptance, custody, collection (when due) and discount of commercial bills of exchange, where no mortgage, pledge or other security over the assets or interests of members of the Group will be granted;

(v) buyer credit services which include the provision to the customers of members of the Group on normal commercial terms of financing services, including but not limited to the extension of loans and the granting of credit for the purposes of purchasing goods or services from members of the Group only;

(vi) settlement services which include settlement of transactions between members of the Group, and of transactions between members of the Group and third parties, the utilization by Sinochem Finance of the electronic payment and settlement systems it has set up with a number of banks to settle payments from distribution customers to members of the Group, and the utilization by Sinochem Finance of the settlement systems it has set up with banks to audit the settlement business of members of the Group;

(vii) provision of non-financing guarantees at the request of members of the Group for bidding activities or the fulfillment of contracts to third parties, where no counter-guarantee by members of the Group is required;

(viii) internet banking services and other financial services provided by Sinochem Finance as approved by the NFRA; and

(ix) risk assessment and risk control services provided by Sinochem Finance through compliance with regulatory requirements and internal rules as well as the conduct of credit reviews.

The Group utilizes the services of Sinochem Finance on a voluntary, non-exclusive basis and is not obliged to engage Sinochem Finance for any particular service, or at all.

***Interests, fees and charges***

Interests, fees and charges payable to and from Sinochem Finance under the Financial Services Framework Agreement are determined on the following basis:

(i) Deposit Services: interest rates shall not be lower than the interest rates for deposits of the same tenure and type as offered by the main independent commercial banks with which the Group maintains cooperation in the PRC, provided that it complies with regulatory requirements;

(ii) Loan Services: interest rates shall not be higher than the interest rates for loans of the same tenure and type as offered by the independent commercial banks in the PRC with which the Group maintains cooperation;

(iii) entrustment loan services: the annual service fee payable by the Group shall not exceed the service fee payable on entrustment loans of the same tenure and under the same terms obtainable from independent commercial banks in the PRC;

(iv) commercial bills of exchange services: the service fee and discount interest payable by the Group shall not exceed the service fee and discount interest payable on such services under the same terms obtainable from independent commercial banks in the PRC;

(v) buyer credit services: the service fee and interest payable by the Group shall not exceed the service fee and interest payable on such services under the same terms obtainable from independent commercial banks in the PRC;

(vi) settlement services: no service fee is payable by the Group; and

(vii) provision of guarantees, internet banking services and other financial services as approved by the NFRA: the service fees charged for these services shall not be higher than the prevailing market rates or standard rates promulgated by the PBOC from time to time (if applicable).

***Term***

The Financial Services Framework Agreement shall take effect from the date immediately following its approval by the Independent Shareholders at the SGM and shall remain in force for a term of three years. Upon such approval, the Existing Financial Services Framework Agreement shall cease to have effect.

Sinochem Finance and members of the Group shall enter into separate agreements which set out the specific scope of services and the terms and conditions of providing such services according to the principles laid down by the Financial Services Framework Agreement.

In the event that the Deposit Services under the Financial Services Framework Agreement are not approved by the Independent Shareholders at the SGM, the Company will ensure that the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance will not exceed the original cap amount of the deposit services under the Existing Financial Services Framework Agreement up to its original expiry date of 31 December 2026.

***Right of set-off***

In the event that any member of the Group fails to recover any amount it deposits with Sinochem Finance, such member of the Group will have the right to offset against any outstanding amounts due to Sinochem Finance by any member of the Group. Sinochem Finance shall not have such right of set-off.

*Undertakings*

Sinochem Finance has undertaken that it will apply all the monies deposited by the Group to such activities as approved by the NFRA in accordance with the relevant laws and regulations of the PRC. If Sinochem Finance decides to deposit any of such monies, it has undertaken to deposit them only with the banking institutions approved by the NFRA.

Sinochem Finance has also undertaken that at all times the sum of the outstanding amount of the loans it provides to its customers (excluding the Group) shall not exceed the sum of Sinochem Finance's share capital, surplus and reserves, and the deposits received from parties other than the Group.

Whenever the Group suffers any financial loss due to the non-performance or default by Sinochem Finance under the Financial Services Framework Agreement, Sinochem Finance shall compensate the Group for the full amount of the loss suffered. Sinochem Corporation (as a holding company of Sinochem Finance) has issued an undertaking in favour of the Company, pursuant to which Sinochem Corporation will procure Sinochem Finance to perform its obligations under the Financial Services Framework Agreement.

**Annual Caps**

*Deposit Services*

The Company intends to revise the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance from RMB3,000,000,000 to RMB5,000,000,000 for the period from the effective date of the Financial Services Framework Agreement up to 31 December 2026, and to set the maximum daily outstanding balance of the deposits placed by the Group with Sinochem Finance for the year ending 31 December 2027 and for the period from 1 January 2028 up to the expiry of the Financial Services Framework Agreement (being three years from the date of its effectiveness) as RMB5,000,000,000. Such maximum daily outstanding balance has been determined after taking into account several factors, including:

(i) The Group has been utilizing the financial services provided by Sinochem Finance for more than fifteen years. In recent years, with the initial results of the Group's "Bio+" strategy and further business expansion, the demand for settlement with subsidiaries of Sinochem Holdings and members of the Group through accounts with Sinochem Finance has continued to grow. In the first half of 2025, the Group's turnover increased by approximately 7.56% compared with the corresponding period in 2024 and by approximately 12.08% compared with the corresponding period in 2023 (being the year of the last amendment to the Existing Financial Services Framework Agreement). The profitability and cash flow position of the Group have continued to improve. For the year ended 31 December 2024, the Group recorded a net profit of approximately RMB1,075 million and net cash inflow from operating activities of approximately RMB1,042 million, and cash and bank balances of approximately RMB5,073 million as at 31 December 2024. For the six months ended 30 June 2025, the Group recorded a net profit of approximately RMB1,108 million and net cash inflow from operating

activities of approximately RMB39 million, and cash and bank balances of approximately RMB5,302 million as at 30 June 2025. The average balance of cash and bank deposits of the Group in the first half of 2025 was approximately RMB5,257 million, with a maximum balance of approximately RMB6,155 million during the period, representing an increase of approximately RMB800 million compared with the corresponding period in 2024 and approximately RMB1,200 million compared with the corresponding period in 2023;

(ii) According to the announcement of the Company dated 2 December 2024, the annual caps for the transactions in respect of the sale of fertilizer and other fertilizer raw materials procured from the overseas subsidiaries of the Company to Sinochem Group shall be US$1,297,000,000, US$1,410,000,000 and US$1,511,000,000 for the three years ending 31 December 2025, 2026 and 2027, respectively; and the annual caps for the transactions in respect of the purchase of fertilizer and other fertilizer raw materials by Sinochem Fertilizer (or other domestic subsidiaries of the Company) from Sinochem Group shall be RMB9,744,000,000, RMB10,579,000,000 and RMB11,335,000,000 for the three years ending 31 December 2025, 2026 and 2027, respectively. With the expansion of the scale of purchase and sales between the Group and subsidiaries of Sinochem Group, the demand for settlement with subsidiaries of Sinochem Holdings and members of the Group through accounts with Sinochem Finance is expected to further increase. In particular, the historical maximum daily outstanding balance of deposits placed by the Group with Sinochem Finance for the year ended 31 December 2024 reached approximately 95% of the original daily cap under the Existing Financial Services Framework Agreement, and further reached 100% of such cap during the six months period ended 30 June 2025. Increasing the cap will therefore allow the Group to fully utilize the convenient and free-of-charge settlement services offered by Sinochem Finance;

(iii) Sinochem Finance has set the interest rates of its various deposit products to the maximum limit stipulated in the regulation of the market interest rate pricing self-regulatory mechanism of the PBOC, so that the interest rates of its deposit products are the highest among the deposit products of the same type and with the same duration in the market. Meanwhile, Sinochem Finance is also able to provide flexible and convenient procedures for withdrawals to meet the funding requirement of the Group for its business development in a timely manner. Increasing the cap on the Deposit Services under the Financial Services Framework Agreement will allow the Group to fully enjoy the advantageous Deposit Services offered by Sinochem Finance, so as to create the greatest value for its shareholders; and

(iv) The Group will utilize the services of Sinochem Finance on a voluntary, non-exclusive basis and is not obliged to engage Sinochem Finance for any particular services, including the Deposit Services. The maximum daily outstanding balance only represents the highest daily amount of deposits that the Group may place with Sinochem Finance and there are no obligations for the Group to deposit such amounts with Sinochem Finance. Setting the maximum

daily outstanding balance of the deposits placed by the Group with Sinochem Finance will enable the Group to have a greater flexibility in selecting deposit service providers and allocating its resources.

For the two years ended 31 December 2024 and the six months ended 30 June 2025, the maximum daily outstanding balances of the deposits placed by the Group with Sinochem Finance were approximately RMB1,973,525,000, RMB2,850,000,000 and RMB3,000,000,000, respectively.

As of the Latest Practicable Date, the maximum daily outstanding balance of the deposit services under the Existing Financial Services Framework Agreement has not exceeded the original cap disclosed in the announcement of the Company dated 11 October 2023.

***Other Financial Services***

Having considered factors such as the Group's capital management strategy, business development needs and the historical transaction amounts of the relevant services, the Company expects that the transaction amounts of the Other Financial Services during the term of the Financial Services Framework Agreement will remain at a relatively low level. Based on the calculation, the applicable percentage ratios in respect of the Other Financial Services are all less than 0.1%. Accordingly, pursuant to Chapter 14A of the Listing Rules, such transactions are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements.

For the two years ended 31 December 2024 and the six months ended 30 June 2025, the historical transaction amounts of the other financial services in aggregate were approximately RMB366,000, RMB381,000 and RMB58,750, respectively.

As of the Latest Practicable Date, the transaction amounts of the other financial services under the Existing Financial Services Framework Agreement have not exceeded the original cap disclosed in the announcement of the Company dated 11 October 2023.

**Financial Effects of the Transaction**

Given that the interest rates offered by Sinochem Finance to the Group in respect of the Deposit Services shall not be lower than the interest rates for deposits of the same tenure and type as offered by the main independent commercial banks in the PRC, the return of the surplus funds of the Group to be deposited in Sinochem Finance will possibly be higher than those to be deposited in other independent commercial banks in the PRC.

Save for the aforesaid, the Deposit Services under the Financial Services Framework Agreement are not expected to have any material effect on the earnings, assets and liabilities of the Group.

**Internal Control Procedures and Corporate Governance Measures**

In order to protect the interests of the shareholders, the Group will adopt the following internal control procedures and corporate governance measures in relation to its utilization of financial services provided by Sinochem Finance:

(i) Prior to placing term deposits with Sinochem Finance, the Group will compare at least three comparable interest rates of deposits of the same tenure and type as offered by the main independent commercial banks with which it maintains cooperation in the PRC, and ensure that, subject to regulatory requirements, the deposit interest rates offered by Sinochem Finance are no less than those offered by such banks;

(ii) For the purpose of facilitating settlement service through Sinochem Finance, the Group will also place demand deposits with Sinochem Finance. The Group will compare, on a quarterly basis, at least three comparable interest rates on such deposits quoted by independent commercial banks in the PRC with which the Group maintains bank accounts, and take into account the service fee charged by the independent commercial banks for the settlement services (the settlement services offered by Sinochem Finance are free of charge). The Group will determine whether it will continue to place demand deposits with Sinochem Finance for the next quarter based on the above assessment for the previous quarter;

(iii) Before the Group enters into any loan or credit facilities agreements with Sinochem Finance in relation to its borrowings from Sinochem Finance, it will obtain at least three comparable offers from independent commercial banks or financial institutions for a loan of the same term or a credit facility of the same nature (as the case may be). The terms of such offers, together with the offer from Sinochem Finance, will be submitted to the chief financial officer of the Company for review. The chief financial officer of the Company will seek approval from the chief executive officer of the Company as appropriate on whether to accept Sinochem Finance's offer, after taking into account a number of factors including interest rate being offered, and quality and flexibility of the services to be provided by Sinochem Finance and independent commercial banks or financial institutions based on previous experience;

(iv) All borrowings of the Group from Sinochem Finance (including drawdowns from credit facilities) will be conducted in accordance with the terms approved by the chief financial officer of the Company or the Board, as appropriate;

(v) Sinochem Finance is required to (i) provide a report on any changes in its credit ratings to the Company every six months; (ii) provide the Company each month with its financial statements for the previous month; (iii) deliver to the Company a monthly report on the status of the Group's deposits placed with Sinochem Finance on the third day of each month; (iv) inform the Company within three business days in writing upon the occurrence of any of the following events: (a) any bank run, failure to repay any material debts when due, material overdue

loans, material system failures, or any other material incidents such as robbery or fraud; (b) any material organizational changes, operational risks or other events which may affect or are likely to affect the normal operations of Sinochem Finance; or (c) any major circumstances where Sinochem Finance is ordered by the NFRA or other competent regulatory authorities to take rectifications; and (v) provide the Company with a risk assessment report on Sinochem Finance prepared by PRC certified public accountants on a semi-annual basis;

(vi) Sinochem Finance will provide regulatory ratios under regulatory requirements, including capital adequacy ratio, non-performing asset ratio, etc., to the Company on a quarterly basis;

(vii) The Company will monitor the status of the deposits placed with Sinochem Finance on a daily basis and the status of the loans and other transactions with Sinochem Finance on a monthly basis through the internet banking services provided by Sinochem Finance;

(viii) In the case of any significant credit risk events involving Sinochem Finance and its significant shareholders and de facto controller (being Sinochem Holdings, Sinochem Group and Sinochem Corporation), including but not limited to its bonds issued in the open market being overdue for more than seven business days or its obligation to make repayment for any large amount of debts guaranteed by it being triggered, the Group will not continue to place additional deposits with Sinochem Finance and will arrange to withdraw its existing deposits;

(ix) Sinochem Finance will also provide the Group with quarterly information on its interbank deposits and asset structure, including interbank placements, readily disposable assets and assets requiring a longer period of time for disposal;

(x) The Company will closely monitor the operating conditions of Sinochem Finance. In the event of circumstances that may affect the security of the Group's deposits, including but not limited to non-compliance with regulatory ratios under the Measures for the Administration of Finance Companies of Enterprise Groups, bank runs, overdue debts, significant overdue loans, major system failures, regulatory rectification orders or other material incidents, the Company will take appropriate measures to mitigate the risks and safeguard its deposits;

(xi) The Company will monitor on a daily basis the status of its overall financial assistance to Sinochem Holdings and its associates (including, among others, its deposits with Sinochem Finance under the Financial Services Framework Agreement and the provision of funds to Sinochem Agriculture and CNSG under the relevant agreements) to ensure that the outstanding amount of such financial assistance will not exceed 50% of the consolidated net assets of the Company as set out in its latest published consolidated financial statements (being approximately RMB5,649 million as at the Latest Practicable Date, for illustrative purpose only). Within this threshold, the Company will set a monitoring cap on the deposits placed with Sinochem Finance and require Sinochem Finance to

implement system control based on such monitoring cap. If the deposits exceed the monitoring cap, the system will automatically transfer the excess deposits to the Company's pre-designated external commercial bank accounts;

In determining the overall limit of 50% of its consolidated net assets, the Company has taken into account the Group's unaudited consolidated net assets as at 30 June 2025 and 31 December 2024, the maximum daily balance of the Deposit Services under the Financial Services Framework Agreement, as well as the existing maximum amounts of funds to be provided under the Sinochem Agriculture Agreement and the CNSG Agreement. For illustration purpose, as at 30 June 2025, the Group's unaudited consolidated net assets amounted to approximately RMB11.3 billion, and the maximum daily balance of Deposits Services under the Financial Services Framework Agreement represented approximately 44% of such amount. When aggregated with the maximum amounts of funds to be provided under the Sinochem Agriculture Agreement and the CNSG Agreement (in aggregate of RMB6.5 billion), the total represented approximately 57% of the Group's consolidated net assets as at 30 June 2025. As at 31 December 2024, the corresponding ratios were approximately 47% and 61%, respectively, based on the Group's consolidated net assets of approximately RMB10.6 billion;

Having regard to the need for settlement convenience, the enlarged scale of transactions within the Group and the increase in the Group's net asset base, the Company considers that setting the overall limit at 50% of its consolidated net assets provides a reasonable and conservative control threshold. This level allows the Group to fully utilise the settlement advantages offered by Sinochem Finance while ensuring that its overall financial assistance exposure remains within a prudent range. In addition to the existing internal control procedures corresponding to the continuing connected transactions under the Financial Services Framework Agreement, the 50% overall control threshold serves as an additional safeguard at the group level. This supplementary limit reflects the Company's prudent approach to overall financial risk management and provides an extra layer of assurance that the aggregate financial assistance to Sinochem Holdings and its associates will remain at a safe and manageable level; and

(xii) The internal control department of the Company will conduct an annual review of the above internal control measures and report the review results to the independent non-executive Directors.

The Board considers that the above internal control procedures and corporate governance measures adopted by the Company concerning the continuing connected transactions with Sinochem Finance are appropriate and sufficient, and that the procedures and measures give sufficient assurance that the continuing connected transactions will be appropriately monitored by the Company.

## REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS

The advantages of utilizing financial services provided by Sinochem Finance over utilizing similar services provided by independent commercial banks are as follows:

(i) Sinochem Finance has served as a financial service provider of the Group for over fifteen years. It can provide more favourable deposit portfolio for the Group based on the condition of the Group, which can increase capital returns while retaining the working capital flexibility of the Group;

(ii) Comparing to other financial institutions, Sinochem Finance does not charge the Group any service fees in respect of the settlement services provided. The Group can deposit its funds with Sinochem Finance to utilize the settlement services free of charge (especially during the peak season for the sale of fertilizer products when the funds of the Group are sufficient), therefore reducing the transaction costs. In addition, under the Financial Services Framework Agreement, Sinochem Finance will continue to provide payment services on a 24-hour, seven-day basis to the Company and its subsidiaries, and will waive certain fees, including (a) corporate-bank direct connection interface fees for 19 directly connected banks (excluding Swift and CIPS channels); (b) financial-enterprise direct connection interface and maintenance fees; (c) bank confirmation fees; and (d) online banking USB token production fees; and

(iii) Sinochem Finance can offer reliable and stable finance resource and mid-term and long-term credit line for the Group, therefore optimizing the capital structure of the Group. The Company usually needs to make an appointment one week in advance or even longer to obtain loans from external banks while the loan drawdown procedure of Sinochem Finance is rather convenient and can be completed within one or two days, which can meet the capital demand of the Group's business in time.

Sinochem Finance, being an in-house financial institution within a central state-owned enterprise group, performs a treasury and fund management function primarily serving member companies of Sinochem Holdings rather than pursuing independent profit maximisation. This functional positioning enables Sinochem Finance to offer financial services to the Group on terms generally more favourable than those available from independent commercial banks, including competitive deposit rates, free-of-charge settlement services and greater operational flexibility. Such advantages are supported by the contractual pricing safeguards already disclosed (for example, transaction caps that ensure fees and interest for loan, entrustment loan, commercial bill, buyer financing and other approved services are no higher than prevailing market levels or PBOC standard rates, as applicable), and by the voluntary, non-exclusive nature of the Group's engagement of Sinochem Finance, which allows the Group to select independent commercial banks whenever they can offer better terms.

The Company further considers that, while Sinochem Finance provides such favourable terms, its risk profile is not greater than that of independent commercial banks in the PRC, taking into account the fact that it is subject to supervision by the PBOC and the NFRA, has not been subject to any disciplinary actions, and is supported by undertakings from its controlling shareholder to ensure the performance of its obligations under the Financial Services Framework Agreement.

However, if independent commercial banks or other financial institutions offer specific advantages which are more favourable to the Group in respect of any of the financial services set out in the Financial Services Framework Agreement, the Group may discontinue its use of all or any of such services provided by Sinochem Finance without having to incur extra cost.

The Company believes that the risk profile of Sinochem Finance, as a provider of financial services to the Group, is not greater than those of independent commercial banks in the PRC because:

(i) Sinochem Finance is regulated by the PBOC and the NFRA and it provides its services in compliance with the relevant rules and operational requirements promulgated by the above authorities, including capital risk guidelines and requisite capital adequacy ratio requirements;

(ii) Sinochem Finance has not defaulted on any of its credit obligations or, to the knowledge of the Company, breached any rules or operational requirements of such regulatory authorities during the past three years. In particular, the NFRA (including its predecessor, the China Banking and Insurance Regulatory Commission) monitors Sinochem Finance's compliance with relevant regulatory authorities and conducts on-site visits from time to time. To the knowledge of the Company, the NFRA has not taken any disciplinary actions, or imposed penalties or fines on Sinochem Finance since its incorporation;

(iii) According to the relevant laws and regulations promulgated by the NFRA and as set out in the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Holdings, being the ultimate controlling shareholder of Sinochem Finance, has the obligation to take all required steps, including but not limited to additional capital contribution to Sinochem Finance based on its funding needs, to restore its financial position; and

(iv) Sinochem Corporation has issued an undertaking in favour of the Company, pursuant to which it will procure Sinochem Finance to perform its obligations under the Financial Services Framework Agreement. Sinochem Corporation is a state-owned enterprise and a public market financing entity with publicly available financial information, which enhances transparency of its financial position. Based on its consolidated management accounts, as at 31 December 2024, Sinochem Corporation had registered and fully paid-up capital of approximately RMB46,550 million, total owners' equity of approximately RMB301,916 million, and bank balance and cash of approximately RMB27,114

million. For the year ended 31 December 2024, the net profit of Sinochem Corporation amounted to approximately RMB3,686 million. To the knowledge of the Company, Sinochem Corporation has not defaulted on any of its credit obligations in the past five years.

The Directors, including the independent non-executive Directors, are of the view that the transactions contemplated under the Financial Services Framework Agreement have been conducted on normal commercial terms, were entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement is fair and reasonable.

None of the Directors is regarded as having a material interest in the Financial Services Framework Agreement and the transactions contemplated thereunder, and hence none of the Directors has abstained from voting on the Board resolution to approve the Financial Services Framework Agreement and the transactions contemplated thereunder.

## IMPLICATIONS OF THE LISTING RULES

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. As Sinochem Finance is owned as to 37% by Sinochem Holdings and as to 63% in aggregate by Sinochem Corporation (an indirect subsidiary of Sinochem Holdings) and Sinochem Capital Co., Ltd. (a non wholly-owned subsidiary of Sinochem Corporation, Sinochem Finance is a connected person of the Company). As such, the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios in respect of the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement are more than 5%, the Deposit Services are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the Deposit Services are regarded as the Group providing financial assistance under the Listing Rules, the Company has aggregated the Deposit Services under the Financial Services Framework Agreement and the transactions under the Sinochem Agriculture Agreement and the CNSG Agreement to assess the classification of the transactions under Chapter 14 of the Listing Rules. Given that the applicable percentage ratios in respect of the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement, both on a standalone basis and when aggregated with the maximum amount of the funds provided under the Sinochem Agriculture Agreement and the CNSG Agreement, are more than 25% but less than 100%, such transactions constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements.

Pursuant to Rule 14A.90 of the Listing Rules, the Loan Services (excluding entrustment loans) provided by Sinochem Finance to the Group under the Financial Services Framework Agreement are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, as the Loan Services constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

Given that the applicable percentage ratios in respect of the expected transaction amounts of the Other Financial Services during the term of the Financial Services Framework Agreement are less than 0.1%, the Other Financial Services are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements 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 in the PRC.

Sinochem Finance, a subsidiary of Sinochem Holdings, is a non-bank financial institution established in the PRC with the approval of the PBOC and subject to the supervision of the NFRA. Sinochem Finance is principally engaged in the businesses of financial and financing advisory service, credit authentication and related consulting service and agency service; provision of guarantees; entrusted loan and investment; bill acceptance and discount; settlement service; deposit service; loan, 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 SASAC.

**SGM**

An ordinary resolution approving the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement shall be proposed at the SGM.

In view of Sinochem Holdings's interests in the transactions under the Financial Services Framework Agreement, Sinochem Holdings and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the SGM to approve the Financial Services Framework Agreement, the transactions contemplated thereunder and the proposed annual caps. As at the Latest Practicable Date, Sinochem Holdings indirectly holds 3,698,660,874 Shares, representing approximately 52.65% of the total issued shares of the Company, through Syngenta Group (HK) Holdings Limited ("**Syngenta HK**") which is an indirect wholly-owned subsidiary of Sinochem Holdings and the immediate controlling shareholding of the Company, Syngenta HK shall abstain from voting at the SGM. Save for Syngenta HK, Sinochem Holdings and its associates, none of the shareholders would be required to abstain from voting at the SGM.

A notice convening the SGM to be held at 24th Floor, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on 19 December 2025 at 10:00 a.m. is set out on pages 53 to 54 of this circular.

A form of proxy for the SGM is enclosed herewith. Whether or not shareholders are able to attend and vote at the SGM, they are requested to complete the enclosed form of proxy and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy as instructed will not prevent shareholders from subsequently attending and voting at the SGM or any adjourned meeting if they so wish.

## CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

For the purpose of determining shareholders' entitlement to attend the SGM, the register of members of the Company will be closed from 16 December 2025 to 19 December 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on 15 December 2025. Shareholders whose names appear on the register of members of the Company on 19 December 2025 are entitled to attend the SGM.

## RECOMMENDATION

The Directors consider that the proposed resolution set out in the notice of the SGM are in the best interests of the Company and the shareholders as a whole. The Directors therefore recommend the shareholders to vote in favour of the resolution set out in the notice of the SGM.

## FURTHER INFORMATION

The Independent Board Committee comprising all three independent non-executive Directors has been appointed to advise the Independent Shareholders in respect of the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement. Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on page 21 of this circular, which contains its advice to the Independent Shareholders, and the letter from Somerley set out on pages 22 to 45 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
**Sinofert Holdings Limited**
**Su Fu**
*Chairman of the Board*

# SINOFERT HOLDINGS LIMITED
# 中化化肥控股有限公司

*(Incorporated in Bermuda with limited liability)*
**(Stock Code: 297)**

4 December 2025

*To: the Independent Shareholders*

Dear Sir or Madam,

## MAJOR AND CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 4 December 2025 (the "**Circular**") to the shareholders, of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

In compliance with the Listing Rules, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. In this connection, Somerley has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement.

We wish to draw your attention to the letter from the Board set out on pages 5 to 20 of the Circular, and the letter from Somerley to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 45 of the Circular which contains its opinion in respect of the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement.

Having taken into account the advice of Somerley and its recommendation in relation thereto, we consider that the Deposit Services (including the maximum daily outstanding balance) under the Financial Services Framework Agreement are entered into by the Group in its ordinary and usual course of business, on normal commercial terms, in the interests of the Company and the shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the ordinary resolution set out in the notice of the SGM.

Yours faithfully,
Independent Board Committee of
**Sinofert Holdings Limited**
**Ko Ming Tung, Edward**
**Lu Xin**
**Sun Po Yuen**

*The following is the text of the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



**SOMERLEY CAPITAL LIMITED**
20th Floor
China Building
29 Queen's Road Central
Hong Kong

4 December 2025

*To: the Independent Board Committee and*
*the Independent Shareholders*

Dear Sirs,

## MAJOR AND CONTINUING CONNECTED TRANSACTIONS UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

### INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the provision of the Deposit Services (including the proposed maximum daily outstanding balance of the Deposit Services (the "**Maximum Daily Deposit Balance**")) by Sinochem Finance to the Group under the Financial Services Framework Agreement, for which the Independent Shareholders' approval is being sought. Details of the Deposit Services are contained in the circular of the Company to the Shareholders dated 4 December 2025 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Circular.

As at the Latest Practicable Date, Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.7% of the total issued shares of the Company, and is therefore a connected person of the Company. Sinochem Finance is a subsidiary of Sinochem Holdings and is also a connected person of the Company. As such, the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios in respect of the Maximum Daily Deposit Balance of the Deposit Services under the Financial Services Framework Agreement are more than 5%, the Deposit Services are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, the Deposit Services constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements.

The Company will convene a SGM to seek approval from the Independent Shareholders in respect of the Deposit Services (including the Maximum Daily Deposit Balance). In view of Sinochem Holdings' interests in the Financial Services Framework Agreement, Sinochem Holdings and its associates are required to abstain and shall abstain from voting on the ordinary resolution to be proposed at the SGM to approve the Deposit Services (including the Maximum Daily Deposit Balance).

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Sun Po Yuen, has been established to advise the Independent Shareholders whether the terms of the Deposit Services (including the Maximum Daily Deposit Balance) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, Somerley, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, Somerley has acted as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to certain connected transactions of the Company, details of which were set out in the circulars of the Company dated 6 December 2023 and 13 December 2024. The above engagements were limited to providing independent advisory services to the independent board committee and independent shareholders of the Company pursuant to the Listing Rules, for which Somerley received normal professional fees from the Company. As such, we are of the view that the past engagements do not affect the objectivity of our advice to the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services. Notwithstanding the past engagements, as at the Latest Practicable Date, there were no relationships or interests between (a) Somerley and (b) any of the Group, Sinochem Holdings, Sinochem Corporation, Sinochem Finance, or their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group and have assumed that they are true, accurate and complete in all material aspects and will remain so up to the time of the SGM. We have reviewed, among others, (i) the Financial Services Framework Agreement, (ii) the annual report of the Company for the year ended 31 December 2024, (iii) the interim report of the Company for the six months ended 30 June 2025, and (iv) other relevant information contained in the Circular. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld from us, or to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, Sinochem Holdings, Sinochem Corporation, Sinochem Finance, or any of their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

## PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the Deposit Services (including the Maximum Daily Deposit Balance), we have taken the following principal factors and reasons into consideration:

### 1. Information on the Parties

#### *The Group*

The Group 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. Shares of the Company are listed on the Stock Exchange and the Company had a market capitalisation of approximately HK$10.8 billion as at the Latest Practicable Date.

The Group recorded total revenue of approximately RMB21.7 billion and RMB21.3 billion in 2023 and 2024 respectively. Profit attributable to owners of the Company grew by approximately 69.5% to approximately RMB1.1 billion in 2024, from approximately RMB0.6 billion in 2023. The adjusted profit attributable to owners of the Company, excluding certain non-recurring impacts, grew by approximately 7.0% year-on-year to RMB1.2 billion in 2024, mainly attributable to the increased sales volume of the Group's various differentiated products, improved production quality and efficiency and marketing strategies. In the first half of 2025, total revenue of the Group was approximately RMB14.7 billion, representing an increase of approximately 7.6%, and profit attributable to owners of the Company was approximately RMB1.1 billion, representing an increase of approximately 5.0%, as compared to the first half of 2024, mainly due to the reasons discussed above.

In terms of cash flows, the Group has been generating substantial net cash from its operating activities in recent periods, amounting to approximately RMB2.5 billion and RMB1.0 billion in 2023 and 2024 respectively. The Group's net cash generated from operating activities amounted to approximately RMB40 million in the first half of 2025.

As the Group continued to record growth in profitability and strong cash flows from its operating activities as mentioned above, it has maintained a healthy liquidity position in recent periods. Bank loans and other borrowings of the Group decreased from approximately RMB1.8 billion as at 31 December 2023 to approximately RMB1.7 billion as at 30 June 2025. Meanwhile, bank balances and cash (including restricted bank deposits and current and non-current time deposits) of the Group increased from approximately RMB4.2 billion as at 31 December 2023 to approximately RMB5.3 billion as at 30 June 2025. The Group has maintained net cash position (bank balances and cash less bank loans and other borrowings) since 2021 and net cash of the Group reached approximately RMB3.6 billion as at 30 June 2025.

***Sinochem Holdings***

Sinochem Holdings is a Fortune Global 500 company and 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 SASAC.

***Sinochem Corporation***

Sinochem Corporation is a subsidiary of Sinochem Holdings. It is principally engaged in the investment and management of exploration and production of petroleum and natural gas; investment and management of oil refining, gas stations, storage and warehousing; research, development, investment and management of fertilizer, seeds, pesticides and agricultural products; research, development, investment and management of rubber, plastics, chemical materials, fluorine chemicals, coal chemicals and pharmaceuticals; and development, investment and management of mineral resources and new energy.

***Sinochem Finance***

Sinochem Finance is owned as to 37% by Sinochem Holdings and 63% in aggregate by Sinochem Corporation and Sinochem Capital Co., Ltd. (a non wholly-owned subsidiary of Sinochem Corporation). It is a non-bank financial institution established in the PRC with the approval of the PBOC and subject to the supervision of the NFRA. It is principally engaged in the businesses of financial and financing advisory service, credit authentication and related consulting service and agency service; provision of guarantees; entrusted loan and investment; bill acceptance and discount; settlement service; deposit service; and loan.

For further information on Sinochem Finance, please refer to the section below headed "4. Business and financial information on Sinochem Finance".

**2. Background to and reasons for the Financial Services Framework Agreement**

Sinochem Finance has been providing a range of financial services, including the Deposit Services, the Loan Services and settlement services, to the Group for over fifteen years, pursuant to the existing and previous financial services framework agreements (as amended, supplemented or otherwise modified from time to time) entered into between Sinochem Finance and the Company. According to the letter from the Board, Sinochem Finance is regulated by the PBOC and the NFRA, and its services are provided in compliance with the relevant rules and operational requirements promulgated by the above authorities, including capital risk guidelines and minimum capital adequacy ratio requirements. Further details of Sinochem Finance's financial and regulatory requirements are set out in the section below headed "7. Regulatory environment of Sinochem Finance".

Based on our discussions with the management of the Group, in its ordinary and usual course of business, the Group conducts a number of transactions with subsidiaries of Sinochem Holdings. These transactions include the sale and purchase of fertilizers and agricultural products, loan arrangements and settlement of various operating expenses, including import services fees and office and factory rental fees. Such transactions and balances between the Group and subsidiaries of Sinochem Holdings are mostly settled through their respective accounts maintained with Sinochem Finance. As set out in the letter from the Board, the Group's purchase of agricultural products in the PRC from, and import of fertilizer and other fertilizer raw materials through, subsidiaries of Sinochem Holdings are expected to increase substantially in the coming years. The anticipated growth in transaction volume with subsidiaries of Sinochem Holdings is expected to drive the demand for the free-of-charge settlement services offered by Sinochem Finance. In addition, the intercompany balances between members of the Group are mostly settled through their respective accounts maintained with Sinochem Finance.

In addition, the management of the Group informed us that the Group's capital management strategy involves placing deposits with either independent commercial banks or Sinochem Finance and investing in short-term and principal-guaranteed financial products, in order to generate interest and/or investment income through utilising the Group's surplus funds. Compared to independent commercial banks in the PRC, Sinochem Finance offers more favourable deposit rates for the Group, which increase returns on the Group's liquidity. Sinochem Finance is also able to facilitate the Group's withdrawals through flexible and convenient procedures, supporting the Group's funding requirements for business development in a timely manner.

Sinochem Finance's financial services are provided to the Group on a voluntary and non-exclusive basis. The Group is not obliged to engage Sinochem Finance for any particular financial service, or at all, and may discontinue any or all financial services provided by Sinochem Finance at any time without incurring extra costs. This means that Sinochem Finance represents an additional choice of financial service provider for the Group to choose from, which in turn serves to enhance the Group's flexibility in capital management strategy.

At present, the financial services provided by Sinochem Finance to the Group, including the Deposit Services, are governed by the Existing Financial Services Framework Agreement for a term up to 31 December 2026. In view of the anticipated growth in settlement needs and the favourable deposit portfolio offered by Sinochem Finance as discussed above, on 27 October 2025, the Company and Sinochem Finance entered into the Financial Services Framework Agreement to increase the Maximum Daily Deposit Balance and extend the agreement term for a further period of three years, which shall take effect from the date immediately following the approval by the Independent Shareholders at the SGM.

For the purpose of protecting the interests of the Shareholders regarding deposits with Sinochem Finance, the Group put in place a number of internal control procedures and corporate governance measures, as further analysed in the section below headed "6. Internal control procedures and corporate governance measures". As a licensed financial institution, Sinochem Finance is required to comply with the relevant rules and operational

requirements, such as the minimum capital adequacy ratio, from the PBOC and the NFRA. Furthermore, on 29 October 2025, Sinochem Corporation has issued an undertaking in favour of the Company to procure Sinochem Finance's performance and obligations under the Financial Services Framework Agreement. In our view, the above measures provide further protection, such that the risk of the Group's deposits placed with Sinochem Finance is properly addressed.

**3. Principal terms of the Financial Services Framework Agreement**

Pursuant to the Financial Services Framework Agreement, the Group may, from time to time, utilise the financial services available from Sinochem Finance as it deems necessary, on a voluntary and non-exclusive basis. Such financial services include: (a) the Deposit Services; (b) the Loan Services (excluding entrustment loans) to members of the Group on normal commercial terms; (c) arrangement of entrustment loans for members of the Group whereby Sinochem Finance serves as a financial agency; (d) buyer credit services, in which Sinochem Finance would, among others, extend loans and grant credit to customers of members of the Group on normal commercial terms for the purposes of purchasing goods or services from members of the Group only; (e) settlement services between members of the Group and subsidiaries of Sinochem Holdings or third parties (such as customers of the Group); (f) provision of non-financing guarantees for the Group's bidding activities or the fulfilment of contracts with third parties, where no counter-guarantee by members of the Group is required; (g) risk assessment and risk control services; and (h) any other financial services as approved by the NFRA.

Sinochem Finance and members of the Group shall enter into separate agreements which set out the specific scope of services and the terms and conditions of providing such services according to the principles laid down by the Financial Services Framework Agreement. The Group may discontinue its use of all or any such services provided by Sinochem Finance without having to incur any extra cost.

Set out below are the major terms of the financial services to be provided by Sinochem Finance under the Financial Services Framework Agreement. For further details, please refer to the section headed "Principal Terms of the Financial Services Framework Agreement" in the letter from the Board.

***Deposit Services***

Deposit interest rates offered by Sinochem Finance shall not be lower than the interest rates for deposits of the same tenure and type as offered by the main independent commercial banks with which the Group maintains cooperation in the PRC, provided that it complies with regulatory requirements. The Deposit Services offered by Sinochem Finance will be on terms at least the same as, or more favourable than, that of the deposit services offered by independent commercial banks in the PRC, and the Group has the sole discretion, subject to the relevant caps, to agree the amount of funds to be deposited with Sinochem Finance, when to deposit, when to withdraw, and the amount of funds to be withdrawn, depending on the Group's own working capital position and requirements.

***Loan Services***

Loan interest rates offered by Sinochem Finance shall not be higher than the interest rates for loans of the same tenure and type as offered by at least three independent commercial banks with which the Group maintains cooperation in the PRC. No mortgage, pledge or other security over the assets or interests of members of the Group will be granted in respect of the financial assistance from Sinochem Finance to the Group.

***Other financial services***

For the entrustment loan services, the annual service fee payable by the Group shall not exceed the service fee payable on entrustment loans of the same tenure and under the same terms obtainable from at least three independent commercial banks in the PRC. No service fee is payable by the Group for the settlement services.

As to the other financial services, the fee and interest payable by the Group shall not (i) be higher than the prevailing market rates or standard rates, or (ii) exceed the fee and interest payable on such services under the same terms obtainable from independent commercial banks in the PRC, depending on the type of the relevant services.

***Term***

The Financial Services Framework Agreement shall take effect from the date immediately following its approval by the Independent Shareholders at the SGM and shall remain in force for a term of three years, upon which the Existing Financial Services Framework Agreement shall cease to have effect.

In the event that the Deposit Services under the Financial Services Framework Agreement are not approved by the Independent Shareholders at the SGM, the Company will ensure that the Maximum Daily Deposit Balance placed by the Group with Sinochem Finance will not exceed the original cap amount of RMB3.0 billion under the Existing Financial Services Framework Agreement up to its original expiry date of 31 December 2026.

***Right of set-off***

In the event that any member of the Group fails to recover any amount it deposits with Sinochem Finance, such member of the Group will have the right to offset amounts against any outstanding amounts due to Sinochem Finance by any member of the Group. Sinochem Finance shall not have such right of set-off under the Financial Services Framework Agreement.

***Undertakings***

Sinochem Finance has undertaken that it will apply all the monies deposited by the Group to such activities as approved by the NFRA in accordance with the relevant laws and regulations of the PRC. If Sinochem Finance decides to deposit any of such monies, it has undertaken to deposit them only with banking institutions approved by the NFRA.

Sinochem Finance has also undertaken that at all times the sum of the outstanding amount of the loans Sinochem Finance provides to its customers (excluding the Group) shall not exceed the sum of Sinochem Finance's share capital, surplus and reserves, and deposits received from parties other than the Group.

In addition, whenever the Group suffers any financial loss due to the non-performance or default by Sinochem Finance under the Financial Services Framework Agreement, Sinochem Finance shall compensate the Group for the full amount of the loss suffered.

On 29 October 2025, Sinochem Corporation (as the holding company of Sinochem Finance) has issued an undertaking (the "**Undertaking**") in favour of the Company, pursuant to which Sinochem Corporation will procure Sinochem Finance to perform its obligations under the Financial Services Framework Agreement.

As set out in the letter from the Board and the articles of association of Sinochem Finance, in the event that Sinochem Finance falls into financial difficulty, Sinochem Holdings (being the ultimate controlling shareholder of Sinochem Finance) has the obligation to take all required steps, such as additional capital contribution to Sinochem Finance based on its funding needs, to restore its financial position.

***Our comments***

The Group has been utilising the financial services from Sinochem Finance for more than fifteen years. Members of the Group maintain accounts with Sinochem Finance for daily business operations, such as settlements of transactions and balances with subsidiaries of Sinochem Holdings and the intercompany balances among members of the Group. The Group conducts business activities with subsidiaries of Sinochem Holdings, including the sale and purchase of agricultural products and the import of fertilizers, during its ordinary and usual course of business. The volume of such transactions is expected to rise in the coming years, which will in turn increase the demand for settlement services with subsidiaries of Sinochem Holdings through their respective accounts maintained with Sinochem Finance. On the other hand, the Group has recorded growth in profitability and strong net cash from operating activities in recent periods, which in turn has resulted in the Group maintaining substantial bank balances and cash, amounting to approximately RMB5.3 billion as at 30 June 2025. The main purposes of entering into the Financial Services Framework Agreement are to increase the Maximum Daily Deposit Balance and extend the agreement term in order

to cater for the increasing procurement and settlement needs for agricultural products with subsidiaries of Sinochem Holdings and provide a greater flexibility for the Group's capital management strategy in the coming years.

The arrangement under the Financial Services Framework Agreement is on a voluntary and non-exclusive basis, such that the Group has the discretion to determine whether to use any financial services provided by Sinochem Finance. In other words, Sinochem Finance can be regarded as an additional choice of financial service provider. In particular, we note from the pricing policies that the interest rates of the Deposit Services shall be at least the same as, or more favourable than, the interest rates for deposits of the same tenure and type as offered by independent commercial banks in the PRC.

As confirmed with the management of the Group, the risk assessment and risk control services primarily relate to Sinochem Finance's provision of its semi-annual risk assessment report issued by PRC certified public accountants. These relevant services have been covered under the Other Financial Services of the Existing Financial Services Framework Agreement. Save for the Maximum Daily Deposit Balance and the duration, all the major terms of the financial services to be provided by Sinochem Finance under the Financial Services Framework Agreement are similar to those under the Existing Financial Services Framework Agreement.

A number of protection clauses and safeguards are stipulated in the Financial Services Framework Agreement, such as the right of set-off, which is only available to the Group but not to Sinochem Finance. The Group will modify and continue to adopt a certain number of internal control procedures and corporate governance measures in the coming years, such as the restriction that (i) the outstanding amount of the Group's overall financial assistance to Sinochem Holdings and its associates on each day will not exceed 50% of the consolidated net assets of the Company as set out in its latest published consolidated financial statements (the "**Overall Limit**"), and (ii) the Group will not continue to place additional deposits with Sinochem Finance and will arrange to withdraw its existing deposits if any significant credit risk events involving Sinochem Finance and its significant shareholders and de facto controller (being Sinochem Corporation, Sinochem Group and Sinochem Holdings) come to the Group's attention. In particular, the Overall Limit, which stood at approximately RMB5.6 billion as at the Latest Practicable Date (based on 50% of the consolidated net assets of the Company of approximately RMB11.3 billion as at 30 June 2025 as extracted from the Company's 2025 interim report), applies to the aggregate financial assistance to Sinochem Holdings and its associates, including the deposits with Sinochem Finance (with the proposed Maximum Daily Deposit Balance of RMB5.0 billion) and the fund facilities provided to Sinochem Agriculture Holdings Limited ("**Sinochem Agriculture**") and China National Seed Group Co., Ltd. ("**CNSG**") (with the maximum daily loan balance of RMB1.5 billion in total that was approved by the independent shareholders of the Company at a special general meeting held on 21 December 2023, further details of which are set out in the circular dated 6 December 2023 (collectively, the "**Funds Provision**")). As such, despite the two maximum amounts above adding up

to a hypothetical sum of RMB6.5 billion, in practice the overall financial assistance to Sinochem Holdings and its associates would be restricted to the Overall Limit, currently at a lower level of approximately RMB5.6 billion.

Based on our discussions with the management of the Group, the primary purpose of the Overall Limit is to limit the maximum risk exposure arising from the aggregate financial assistance provided by the Group to Sinochem Holdings and its associates. This is in addition to the Maximum Daily Deposit Balance governing the Deposit Services. The Overall Limit, which is benchmarked against the Company's consolidated net assets as set out in the latest published consolidated financial statements, will be adjusted from the existing 30% to 50%. Such adjustment is primarily driven by the increase in the Maximum Daily Deposit Balance from RMB3.0 billion to RMB5.0 billion under the Financial Services Framework Agreement, in order to meet the growing procurement and settlement needs with Sinochem Holdings and its associates, as discussed earlier. It follows that the Overall Limit should be revised accordingly to ensure sufficient allowances for the Group's increasing business needs for Deposit Services. In determining the revised reference level of 50%, the Group has taken into account the amount of Maximum Daily Deposit Balance required to support the Group's daily business operations, and the ratios of the aggregate financial assistance and the Maximum Daily Deposit Balance to the Group's latest consolidated net assets, being approximately 57.5% and 44.2% respectively.

Considering the above and bearing in mind that the increase in the Maximum Daily Deposit Balance aligns with the Group's increasing business needs, we consider the Overall Limit to be an appropriate internal control to limit the risk of the Group's funds provided to Sinochem Holdings and its associates, and at the same time enabling the Group to earn higher interest income compared to deposits placed with independent commercial banks or investing in short-term and principal-guaranteed financial products and maintaining greater flexibility for capital management.

As an enhanced protection to the Group, Sinochem Corporation has issued the Undertaking to procure Sinochem Finance to perform its obligations under the Financial Services Framework Agreement. As the ultimate controlling shareholder of Sinochem Finance, Sinochem Holdings has the obligation to take all required steps to restore Sinochem Finance's financial position in the event it has any financial difficulty.

For our further analyses, please refer to the sections below headed "6. Internal control procedures and corporate governance measures" and "7. Regulatory environment of Sinochem Finance".

**4. Business and financial information on Sinochem Finance**

***Scope of business***

According to its business licence and as confirmed with the management of the Group, Sinochem Finance is authorised to provide all services as set out in the Financial Services Framework Agreement to members of Sinochem Holdings. Sinochem

Finance is also allowed to provide a limited scope of financial services, such as buyer credit services and discounting services, to customers and suppliers of the Group. We are advised by the management of the Group that Sinochem Finance is not allowed to issue financial bonds and make new equity investments in financial institutions and corporations. As at the Latest Practicable Date, Sinochem Finance is not rated by any credit rating agency.

According to Sinochem Finance's unaudited consolidated management account, as at 30 June 2025, it has registered and paid-up capital and total assets of RMB6.0 billion and approximately RMB70.6 billion respectively, and has a capital adequacy ratio of approximately 12.3%, which is higher than the minimum requirement promulgated by the NFRA of 10.5% for finance companies.

***Management of Sinochem Finance***

As at the Latest Practicable Date, the board of directors of Sinochem Finance comprises four members. As advised by the management of the Group, the majority of the board members and senior management of Sinochem Finance have extensive experience in the financial capital markets in the PRC and are fully competent to understand and monitor the operation and development of Sinochem Finance.

***Financial performance***

The following table set out a summary of consolidated statements of profit or loss of Sinochem Finance, as extracted and summarised from its audited consolidated financial statements for the years ended 31 December 2022, 2023 and 2024, and its unaudited consolidated management accounts for the six months ended 30 June 2024 and 2025, all of which were prepared in accordance with the Generally Accepted Accounting Principles in the PRC:

| | **For the six months ended 30 June** | | **For the year ended 31 December** | | |
|---|---|---|---|---|---|
| | **2025** | **2024** | **2024** | **2023** | **2022** |
| | *RMB million (unaudited)* | *RMB million (unaudited)* | *RMB million (audited)* | *RMB million (audited)* | *RMB million (audited)* |
| Net interest income | 111 | 248 | 432 | 423 | 451 |
| Investment income | 81 | 121 | 483 | 455 | 486 |
| Reversal of impairment/ (Impairment losses) | 13 | (84) | (79) | (4) | (265) |
| Profit after taxation | 93 | 196 | 581 | 600 | 447 |

Net interest income of Sinochem Finance was maintained at a similar level during the period between 2022 and 2024. For the first six months of 2025, net interest income decreased by approximately 55.2% year-on-year to approximately RMB111 million. As advised by the management of the Group, the decreased net interest income was mainly due to the lower average interest rate charged on loans extended, and the higher average rate on deposits offered, by Sinochem Finance to members of Sinochem

Holdings. In this respect, we note that the one-year Loan Prime Rate ("**LPR**") and the over-five-year LPR decreased from 3.45% and 4.20% in the beginning of 2024, to approximately 3.00% and 3.50% respectively as at the Latest Practicable Date.

Investment income of Sinochem Finance mainly represented share of results from its associate, namely Manulife-Sinochem Life Insurance Co., Ltd (a Chinese-foreign joint-venture life insurance company established in the PRC, which is owned as to 50% by Sinochem Finance), under equity accounting method and interest income and disposal gains derived from certain funds, publicly traded corporate bonds and certificates of deposit issued by independent commercial banks in the PRC. Investment income declined from approximately RMB486 million in 2022 to approximately RMB455 million in 2023, but rose back to approximately RMB483 million in 2024. The fluctuations were mainly due to the movement of profits shared from its associate and the interest income earned from its investments mentioned above. For the first six months of 2025, investment income of Sinochem Finance was approximately RMB81 million, a decrease of approximately 33.1% from the same period in 2024, mainly due to the higher amount of dividend received from its associate during the first half of 2024.

Impairment losses of Sinochem Finance represented changes in allowances for impairment losses prepared in accordance with the regulatory requirements. Compared to the impairment losses in 2022 of approximately RMB265 million, impairment losses in 2023 and 2024 have been lowered to approximately RMB4 million and RMB79 million respectively. Notwithstanding the above allowance for impairment losses, the management of the Group has informed us that Sinochem Finance did not have any actual non-performing assets or loans, or any actual losses arising from such assets or loans, during the past three years. For the first six months of 2025, Sinochem Finance recorded a reversal of impairment losses of approximately RMB13 million, as opposed to the impairment losses of approximately RMB84 million for the first six months of 2024, mainly due to (i) the decline in the balances of loans and advances to members of Sinochem Holdings at the end of June 2025 compared to the end of December 2024, while there was an increase in balances of loans and advances to members of Sinochem Holdings during the corresponding period in 2024, as well as (ii) the macroeconomic indicators prevailing at that time.

Profit after taxation of Sinochem Finance fluctuated during the three years ended 31 December 2024, affected by the fluctuations in investment income and impairment losses as discussed above. The lower level of profit after taxation for the first half of 2025, amounted to RMB93 million, was mainly a result of the lower net interest income as explained above. Nevertheless, Sinochem Finance has been profitable during the periods under review.

***Financial position***

The following table set out a summary of the consolidated financial position of Sinochem Finance, as extracted and summarised from its audited consolidated financial statements as at 31 December 2022, 2023 and 2024, and its unaudited consolidated management accounts as at 30 June 2025, all of which were prepared in accordance with the Generally Accepted Accounting Principles in the PRC:

| | **As at 30 June** | **As at 31 December** | | |
|---|---|---|---|---|
| | **2025** | **2024** | **2023** | **2022** |
| | *RMB million* | *RMB million* | *RMB million* | *RMB million* |
| | *(unaudited)* | *(audited)* | *(audited)* | *(audited)* |
| **Assets** | | | | |
| Long-term equity investments | 6,764 | 6,764 | 4,517 | 4,170 |
| Loans receivables | 47,247 | 48,511 | 40,527 | 43,236 |
| Financial investments | 7,290 | 4,826 | 8,616 | 5,756 |
| Cash balances with PBOC and other financial institutions | 8,578 | 4,691 | 5,623 | 3,447 |
| Other assets | 725 | 5,583 | 5,995 | 1,144 |
| | 70,604 | 70,374 | 65,279 | 57,753 |
| **Liabilities** | | | | |
| Customers' deposit | 57,168 | 51,734 | 54,101 | 45,683 |
| Other liabilities | 368 | 5,665 | 421 | 1,783 |
| | 57,536 | 57,400 | 54,522 | 47,466 |
| **Equity** | | | | |
| Share capital | 6,000 | 6,000 | 6,000 | 6,000 |
| Reserves | 7,069 | 6,974 | 4,756 | 4,287 |
| | 13,069 | 12,974 | 10,756 | 10,287 |
| **Capital adequacy ratio** *(Note)* | **12.3%** | **12.2%** | **14.0%** | **13.9%** |

*Note:* Capital adequacy ratio is a measurement of capital position of a financial institution in respect of its exposure to risks such as credit risk, market risk and operational risk, and is calculated as the financial institution's capital base divided by its risk-weighted assets.

As at 30 June 2025, Sinochem Finance had (i) loans receivables of approximately RMB47.2 billion, mainly representing loans to members of Sinochem Holdings, and (iii) cash balances with PBOC and other financial institutions of approximately RMB8.6 billion, and (iii) financial investments of approximately RMB7.3 billion, mainly representing investment funds, corporate and perpetual bonds and other debt instruments.

As at 30 June 2025, Sinochem Finance had customers' deposit of approximately RMB57.2 billion, a substantial portion of which were either subsequently extended as Sinochem Finance's loans to members of Sinochem Holdings or monies placed with PBOC and other financial institutions.

The equity base of Sinochem Finance gradually increased during the periods under review. As at 30 June 2025, the registered and paid-up capital of Sinochem Finance was RMB6.0 billion, and the total equity of Sinochem Finance was approximately RMB13.1 billion.

***Internal controls***

We have obtained and reviewed the risk management manual of Sinochem Finance and note that it adopts certain corporate governance and internal control procedures to manage its risk profile, including business and financial risk, and to ensure that the business operations of Sinochem Finance are in compliance with, among others, the relevant laws and regulations of the PRC, as well as the relevant rules and operational requirements promulgated by the NFRA.

Sinochem Finance has a delineation of the roles and responsibilities of major operational departments, segregation of powers and duties, internal review and assessment mechanism, proper training and establishment of a risk assessment policy. As set out in the letter from the Board, Sinochem Finance has not defaulted on any of its credit obligations or breached any rules or operational requirements of the regulatory authorities during the past three years. We have also obtained and reviewed the audited consolidated financial statements of Sinochem Finance for the three years ended 31 December 2024, and did not note any default on credit obligations disclosed in such financial statements.

**5. Information on Sinochem Corporation**

Sinochem Corporation, which has issued the Undertaking to procure the performance and obligations by Sinochem Finance under the Financial Services Framework Agreement, is a subsidiary of Sinochem Holdings.

According to its unaudited consolidated management accounts as at 30 June 2025, Sinochem Corporation had fully paid-up capital of approximately RMB46.5 billion, consolidated net assets attributable to owners of Sinochem Corporation of approximately RMB183.0 billion, and bank balances and cash of approximately RMB36.5 billion as at 30 June 2025. Gearing ratio of Sinochem Corporation, calculated as total liabilities divided by total assets, was approximately 66.3% as at 30 June 2025. Profit attributable to owners of

Sinochem Corporation amounted to approximately RMB2.4 billion in 2024 and approximately RMB0.9 billion for the first six months of 2025. On this basis, Sinochem Corporation operates substantial business operations with a scale that is much larger than the scale of Sinochem Finance, and has been generating substantial profits during the abovementioned periods. According to the credit rating report issued by China ChengXin International Credit Rating Co., Ltd. ("**CCXI**", one of the leading PRC credit rating agency approved by the PBOC, according to its website) dated 23 June 2025, the credit rating of Sinochem Corporation was AAA, the highest rating under CCXI's credit rating scale and implying strong debt repayment capacity, remote default risk and an ability to withstand negative economic environment scenarios. To the knowledge of the Company, Sinochem Corporation has not defaulted on any of its credit obligations in the past five years.

Based on the above and assuming no material change to Sinochem Corporation's financial performance and position, we consider that Sinochem Corporation has strong financial capabilities to procure Sinochem Finance to perform its obligations under the Financial Services Framework Agreement pursuant to the Undertaking.

**6. Internal control procedures and corporate governance measures**

In order to safeguard the deposits with Sinochem Finance and to protect the interest of the Shareholders, the Group will continue to adopt certain internal control procedures and corporate governance measures to regulate the utilisation of financial services provided by Sinochem Finance, which are summarised below from the letter from the Board.

(a) Prior to placing term deposits with Sinochem Finance, the Group will compare at least three comparable interest rates of deposits of the same tenure and type as offered by the main independent commercial banks with which it maintains cooperation in the PRC and ensure that, subject to regulatory requirements, the deposit rates offered by Sinochem Finance are no less than those offered by such banks;

(b) For the purpose of facilitating settlement service through Sinochem Finance, the Group will also place demand deposits with Sinochem Finance. The Group will compare, on a quarterly basis, at least three comparable interest rates on such deposits quoted by independent commercial banks in the PRC with which the Group maintains bank accounts, and take into account the service fee charged by independent commercial banks for the settlement services (the settlement services offered by Sinochem Finance are free of charge). The Group will determine whether it will continue to place demand deposits with Sinochem Finance for the next quarter based on the above assessment for the previous quarter;

(c) Before the Group enters into any loan or credit facilities agreements with Sinochem Finance in relation to its borrowings from Sinochem Finance, it will obtain at least three comparable offers from independent commercial banks or financial institutions for a loan of the same term or a credit facility of the same nature (as the case may be). The terms of such offers, together with the offer from Sinochem Finance, will be submitted to the chief financial officer of the Company for review, who in turn will seek approval from the chief executive

officer of the Company as appropriate on whether to accept Sinochem Finance's offer, after taking into account a number of factors including interest rate being offered, and quality and flexibility of the services to be provided by Sinochem Finance and independent commercial banks or financial institutions based on previous experience;

(d) All borrowings of the Group from Sinochem Finance (including drawdowns from credit facilities) will be conducted in accordance with the terms approved by the chief financial officer of the Company or the Board, as appropriate;

(e) Sinochem Finance is required to (i) provide a report on any changes in its credit ratings to the Company every six months; (ii) provide the Company each month with its financial statements for the previous month; (iii) deliver to the Company a monthly report on the status of the Group's deposits placed with Sinochem Finance on the third day of each month; (iv) inform the Company within three business days in writing upon the occurrence of any of the following events: (a) any bank run, failure to repay any material debts when due, material overdue loans, material system failures, or any other material incidents such as robbery or fraud; (b) any material organizational changes, operational risks or other events which may affect or are likely to affect the normal operations of Sinochem Finance; or (c) any major circumstances where Sinochem Finance is ordered by the NFRA or other competent regulatory authorities to take rectifications; and (v) provide the Company with a risk assessment report on Sinochem Finance prepared by PRC certified public accountants on a semi-annual basis;

(f) Sinochem Finance will provide regulatory ratios under regulatory requirements, including capital adequacy ratio and non-performing asset ratio, to the Company on a quarterly basis;

(g) The Company will monitor the status of the deposits placed with Sinochem Finance on a daily basis and the status of the loans and other transactions with Sinochem Finance on a monthly basis through the internet banking services provided by Sinochem Finance;

(h) In the case of any significant credit risk events involving Sinochem Finance and its significant shareholders and de facto controller (being Sinochem Corporation, Sinochem Group and Sinochem Holdings), including but not limited to its bonds issued in the open market being overdue for more than seven business days or its obligation to make repayment for any large amount of debts guaranteed by it being triggered, the Group will not continue to place additional deposits with Sinochem Finance and will arrange to withdraw its existing deposits;

(i) Sinochem Finance will provide the Group with quarterly information on its interbank deposits and asset structure, including interbank placements, readily disposable assets and assets requiring a longer period of time for disposal;

(j) The Company will closely monitor the operating conditions of Sinochem Finance. In the event of circumstances that may affect the security of the Group's deposits, including but not limited to non-compliance with regulatory ratios under the Revised Measures (as defined below), bank runs, overdue debts, significant overdue loans, major system failures, regulatory rectification orders or other material incidents, the Company will take appropriate measures to mitigate the risks and safeguard its deposits;

(k) The Company will monitor on a daily basis the status of its overall financial assistance to Sinochem Holdings and its associates (including, among others, the deposits with Sinochem Finance and the Funds Provision) to ensure that the outstanding amount of such overall financial assistance will not exceed the Overall Limit, being 50% of the consolidated net assets of the Company as set out in its latest published consolidated financial statements. Within this threshold, the Company will set a monitoring cap on the deposits placed with Sinochem Finance and require Sinochem Finance to implement system control based on such monitoring cap. If the deposits exceed the monitoring cap, the system will automatically transfer the excess deposits to the Company's pre-designated accounts with external commercial banks; and

(l) The internal control department of the Company will conduct an annual review of the relevant internal control measures and report the review results to the independent non-executive Directors.

As confirmed by management of the Group, during the term of the Existing Financial Services Framework Agreement and up to the Latest Practicable Date, Sinochem Finance has been offering more favourable deposit interest rates than those offered by other independent commercial banks with which the Group maintains cooperation in the PRC, to the extent that quotations are available to the Group. We have also obtained documentations showing the comparison of the demand deposit interest rates obtained by the Group from three independent commercial banks in the PRC which it maintains bank accounts and from Sinochem Finance, covering all quarters of 2024 and the first third quarters of 2025, and note that the rates offered by Sinochem Finance were consistently the highest among all quotes obtained. We consider the measures relating to the comparison of deposit interest rates with independent commercial banks in the PRC to be important to ensure that the interest rates offered by Sinochem Finance shall be at least the same as, or more favourable than, the interest rates offered by independent commercial banks in the PRC, and that the interest rates available from Sinochem Finance are no less favourable to the Group from time to time.

Having considered the above internal control procedures and corporate governance measures, particularly (i) the comparison of interest rates being offered by Sinochem Finance with at least three interest rates on comparable deposits from independent commercial banks in the PRC, (ii) the comparison of any loan from Sinochem Finance with at least three offers from independent commercial banks or financial institutions, (iii) the involvement of the independent non-executive Directors, who will review the implementation of the relevant internal controls and related report(s) annually, (iv) the regular monitoring of the financial information and business performance of Sinochem

Finance, and (v) the Overall Limit as an additional safeguard in place to limit the maximum risk exposure arising from the Deposit Services and other financial assistance to Sinochem Holdings and its associates, we concur with the Directors' view that the above internal control procedures and corporate governance measures currently and to be adopted by the Group during the term of the Financial Services Framework Agreement are reasonable and appropriate, and that the procedures and measures ensure that the continuing connected transactions under the Financial Services Framework Agreement will be appropriately monitored.

## 7. Regulatory environment of Sinochem Finance

The banking industry in the PRC is highly regulated, and the current principal regulatory authorities include the NFRA (the successor of the China Banking and Insurance Regulatory Commission ("**CBIRC**")), responsible for the unified supervision and regulation of the financial industry, other than the securities sector, and the PBOC, responsible for formulating and implementing monetary policies, and drafting major financial laws and regulations, and establishing fundamental prudential regulatory frameworks, as advised by the management of the Group. In the fourth quarter of 2022, the CBIRC issued certain measures and notices, including the revised "Measures for the Administration of Finance Companies of Enterprise Groups" (the "**Revised Measures**") which came into effect on 13 November 2022 under which, licensed finance companies of enterprise groups, including Sinochem Finance, are required to meet certain regulatory ratio requirements. Major applicable regulatory ratio requirements under the prior years' measures and the actual ratios of Sinochem Finance as at 31 December 2022, 2023 and 2024 and 30 June 2025 are set out in the table below:

| **Risk monitoring indicators** | **Requirements for PRC licensed finance companies** | **As at 30 June 2025** | **As at 31 December 2024** | **As at 31 December 2023** | **As at 31 December 2022** |
|---|---|---|---|---|---|
| Capital adequacy ratio | Not lower than 10.5% | 12.33% | 12.20% | 14.04% | 13.88% |
| Current ratio | Not lower than 25% | 61.45% | 53.41% | 45.57% | 43.57% |
| Loans receivable to the sum of total deposits received and paid-up capital | Not higher than 80% | 76.91% | 74.97% | 69.41% | 85.96% *(Note 3)* |
| Total external liabilities to net capital | Not higher than 100% | N/A *(Note 1)* | 65.91% | N/A *(Note 1)* | 18.88% |
| Bills acceptance balance to total assets | Not higher than 15% | 5.28% | 6.47% | 3.74% | 2.86% |
| Bills acceptance balance to interbank deposits balance | Not higher than 300% | 67.61% | 217.40% | 73.85% | 175.85% |

| Risk monitoring indicators | Requirements for PRC licensed finance companies | As at 30 June 2025 | As at 31 December 2024 | As at 31 December 2023 | As at 31 December 2022 |
|---|---|---|---|---|---|
| Bills acceptance and discount balance to net capital | Not higher than 100% | 59.06% | 60.05% | 37.19% | 21.51% |
| Deposits for bills acceptance to total deposits received | Not higher than 10% | N/A *(Note 2)* | N/A *(Note 2)* | N/A *(Note 2)* | N/A *(Note 2)* |
| Total investment to net capital | Not higher than 70% | 67.85% | 59.17% | 61.82% | 76.27% *(Note 3)* |
| Fixed assets to net capital | Not higher than 20% | 0.05% | 0.06% | 0.03% | 0.04% |

*Notes:*

(1) As confirmed by the management of the Group, there were no total external liabilities (i.e. Borrowings from banks and other financial institutions and financial assets sold under repurchase agreements) as at 31 December 2023 and 30 June 2025.

(2) As confirmed by the management of the Group, there were no deposits for bills acceptance as at 31 December 2022, 2023 and 2024 and 30 June 2025.

(3) As confirmed by the management of the Group, the two risk monitoring indicators as recorded by Sinochem Finance as at 31 December 2022 were not within the relevant requirements pursuant to the Revised Measures which became effective on 13 November 2022, but Sinochem Finance was allowed to meet the new regulatory requirements within six months from the effective date of the Revised Measures. As stated in a report issued by an independent auditor, Sinochem Finance met the transitional regulatory requirements according to the Revised Measures.

As advised by the management of the Group, the NFRA monitors Sinochem Finance's operations and compliance with the applicable requirements of the relevant regulatory authorities and conducts on-site visits from time to time, and may issue opinions on rectification measures to Sinochem Finance. We note that all applicable ratios of Sinochem Finance as at 30 June 2025 were in compliance with the Revised Measures. In particular, the capital adequacy ratio of Sinochem Finance was approximately 12.33% as at 30 June 2025, higher than the 10.5% minimum requirement for PRC licensed finance companies.

As set out in the letter from the Board, to the knowledge of the Company, the NFRA has not taken any disciplinary actions, or imposed penalties or fines on Sinochem Finance since its incorporation.

## 8. The Maximum Daily Deposit Balance

***Review of historical figures***

Set out below are the historical Maximum Daily Deposit Balance placed by the Group with Sinochem Finance and the relevant cap amounts for the two years ended 31 December 2023 and 2024, and for the six months ended 30 June 2025:

| | For the year ended 31 December | | For the six months ended 30 June |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *(RMB million)* | *(RMB million)* | *(RMB million)* |
| Maximum Daily Deposit Balance placed by the Group with Sinochem Finance | 1,973.5 | 2,850.0 | 3,000.0 |
| Relevant caps *(Note)* | 2,000.0 | 3,000.0 | 3,000.0 |
| Utilisation rates | 98.7% | 95.0% | 100.0% |

*Note:* On 11 October 2023, the Company and Sinochem Finance entered into a supplemental agreement to increase the Maximum Daily Deposit Balance from RMB2.0 billion to RMB3.0 billion for the three years ending 31 December 2024, 2025 and 2026.

As shown in the table above, the relevant caps had been substantially utilised during the periods under review, with utilisation rates ranging from approximately 95.0% to 100.0%. The high utilisation rates were mainly due to the significant volume of transaction settlements with subsidiaries of Sinochem Holdings. As advised by the management of the Group, the Group has been actively monitoring its various accounts with Sinochem Finance, and constantly transferring out substantial amount of cash balances to accounts with pre-designated independent commercial banks in the PRC, to ensure that the relevant cap and the applicable Overall Limit would not be exceeded. During the period from 1 January 2025 and up to the Latest Practicable Date, the maximum balance of the deposits placed by the Group with Sinochem Finance and the outstanding amount of the Group's provision of funds to Sinochem Agriculture and CNSG (i.e. under the Funds Provision), in aggregate, were approximately RMB3,150 million, which is within the relevant the applicable Overall Limit.

***Assessment of the Maximum Daily Deposit Balance***

The Maximum Daily Deposit Balance is proposed to be RMB5.0 billion during the term of the Financial Services Framework Agreement.

In assessing the reasonableness of such Maximum Daily Deposit Balance, we have discussed with management of the Group the reasons underlying this projection. The Directors have taken into account, among other things, (i) the anticipated increase in volume of transactions with subsidiaries of Sinochem Holdings, which will drive the demand for settlement services, (ii) the maximum and average bank balances and cash

of the Group during the peak season in the first half of 2025, (iii) the Group's intention to place further deposits with Sinochem Finance for the purpose of utilising the free-of-charge settlement services, (iv) the fact that the interest rates of Sinochem Finance's various deposit products reached the maximum limit stipulated in the regulation of the market interest rate pricing self-regulatory mechanism of the PBOC, (v) the flexible and convenient procedures offered by Sinochem Finance, supporting the Group's withdrawals to meet its funding requirements, and (vi) the nature of the Deposit Services, which are on a voluntary and non-exclusive basis and do not impose any obligation on the Group.

As part of the ordinary and usual course of business, a number of intercompany transactions and balances between the Group and subsidiaries of Sinochem Holdings are settled through their respective accounts maintained with Sinochem Finance. We understand from management of the Group that the Group has been actively monitoring its various deposit balances with Sinochem Finance, and that the current maximum balance of RMB3.0 billion under the Existing Financial Services Framework Agreement is insufficient to accommodate the abovementioned daily transactions with subsidiaries of Sinochem Holdings, therefore the Group is required to transfer funds to other independent commercial banks from time to time, to ensure that the deposit balance would not exceed the relevant cap. As referenced in the letter from the Board, (i) during the first half of 2025, the Group's average bank balances and cash amounted to approximately RMB5.3 billion, with a maximum balance reaching approximately RMB6.2 billion, which represents increases of approximately RMB0.8 billion and RMB1.2 billion respectively, as compared to the same periods in 2024 and 2023, and (ii) the imports of fertilizer and other fertilizer raw materials by the Group through subsidiaries of Sinochem Holdings are expected to increase to no more than RMB9,744.0 million, RMB10,579.0 million and RMB11,335.0 million in 2025, 2026 and 2027, respectively. In addition, we note that the purchases of agricultural products in the PRC by the Group from subsidiaries of Sinochem Holdings are expected to increase to no more than RMB965.0 million, RMB1,113.0 million and RMB1,307.0 million respectively. As such, it is proposed to determine a higher maximum balance of RMB5.0 billion, reducing the number of fund transfers between the Group's accounts with Sinochem Finance and other independent commercial banks, which in turn reduces the administrative costs associated with the monitoring of such deposit balances and the above fund transfer requirements. The higher Maximum Daily Deposit Balance would provide the Group with a greater flexibility and a reduced need to effect such inter-bank fund transfers purely for compliance purpose.

The Group recorded continued profitability and strong cash flows in recent periods. As discussed in earlier section, the Group recorded adjusted profit attributable to owners of the Company of approximately RMB1.2 billion in 2024 and approximately RMB1.1 billion in the first half of 2025. Net cash generated from the Group's operating activities was approximately RMB2.5 billion and RMB1.0 billion in 2023 and 2024 and approximately RMB40 million in the first half of 2025. Due to the above, the Group records an increasingly substantial cash position, with its bank balances and cash (including restricted bank deposits and current and non-current time deposits) increased from approximately RMB4.2 billion as at 31 December 2023 to approximately RMB5.3 billion as at 30 June 2025, while bank loans and other

borrowings decreased from approximately RMB1.8 billion as at 31 December 2023 to approximately RMB1.7 billion as at 30 June 2025. We note that the Group generated a profit of over RMB1 billion in the first half of 2025, however, the net cash generated from its operating activities during the period decreased compared to the same period in 2024. As advised by the management of the Group, this was mainly due to the temporary impact resulting from the postponement of the fertilizer application season and a change in the settlement method with the Group's suppliers, and that substantial cash inflows were received by the Group subsequent to the end of June 2025.

In addition, we have obtained and discussed with management the future cash flow projection of the Group for the three years ending 31 December 2028. Based on the projection, the management of the Group expects that the trend of increase in bank balances and cash will continue in the coming years.

Independent Shareholders should note that the Maximum Daily Deposit Balance represents the upper limit of cash the Group may maintain in accounts with Sinochem Finance, and the Group has no obligation to place its deposits with Sinochem Finance at that upper limit (or any amount at all). To limit the maximum risk exposure arising from the Deposit Services and other financial assistance to connected persons, as mentioned in the section above headed "6. Internal control procedures and corporate governance measures", the Group will ensure that the outstanding daily amount of its overall financial assistance to Sinochem Holdings and its associates (including the Group's deposits with Sinochem Finance and the Funds Provision) will not exceed the Overall Limit, being 50% of the consolidated net assets of the Company as set out in its latest published consolidated financial statements which currently stood at approximately RMB5.6 billion. We understand from the management of the Group that the provisions of funds to Sinochem Agriculture and CNSG under the Funds Provision are primarily used for their short-term working capital turnover during the peak season in a given year, and these funds, if any, are typically substantially repaid within two quarters following the drawdown. As at 31 December 2024, the Group's loans to Sinochem Agriculture amounted to RMB300 million, while no loan was provided to CNSG during 2024. Such RMB300 million loans to Sinochem Agriculture were repaid during the first half of 2025, and as at 30 June 2025, there were no outstanding loans to Sinochem Agriculture or CNSG. Given the ongoing business relationship with subsidiaries of Sinochem Holdings and the flexible and convenient procedures for the Group's withdrawals, the Group intends to maintain a higher level of deposits with Sinochem Finance for the purpose of transacting and settling payments and receipts with subsidiaries of Sinochem Holdings. The Company will continue to monitor the outstanding daily amount of its overall financial assistance to Sinochem Holdings and its associates not exceeding the Overall Limit on a daily basis.

Having considered the above, in particular (i) the anticipated increase in volume of transactions and the commercial needs for settlements with subsidiaries of Sinochem Holdings, and (ii) the substantial increase in the Group's bank balances and cash in recent periods, which is expected to continue in the coming years, we concur with management of the Group regarding the rationale behind determining the Maximum Daily Deposit Balance of RMB5.0 billion for the coming years.

**9. Reporting requirements and conditions of the Deposit Services**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Deposit Services are subject to the following annual review requirements:

(a) the independent non-executive Directors must review the Deposit Services every year and confirm in the Company's annual report whether the Deposit Services have been entered into:

  (i) in the ordinary and usual course of business of the Group;

  (ii) on normal commercial terms or better; and

  (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) the Company must engage its auditors to report on the Deposit Services every year. The Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Deposit Services:

  (i) have not been approved by the Board;

  (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the Deposit Services involve the provision of goods or services by the Group;

  (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the Deposit Services; and

  (iv) have exceeded the Maximum Daily Deposit Balance.

(c) the Company must allow, and ensure that the counterparties to the Deposit Services allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Deposit Services as set out in paragraph (b); and

(d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the requirements attached to the Deposit Services, in particular, (i) the restriction of the value of the Deposit Services by way of the Maximum Daily Deposit Balance and the Overall Limit; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Financial Services Framework Agreement, we are of the view that appropriate measures will be in place to monitor the conduct of the transactions and assist to safeguard the interests of the Independent Shareholders.

## OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Deposit Services are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the Deposit Services (including the Maximum Daily Deposit Balance) are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Deposit Services (including the Maximum Daily Deposit Balance).

Yours faithfully,
for and on behalf of
**SOMERLEY CAPITAL LIMITED**
**John Wong**
*Director*

*Mr. John Wong is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over fifteen years of experience in the corporate finance industry.*

## FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinofert.com):

- the Annual Report 2022 dated 20 March 2023 (pages 101 to 203) (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100435.pdf);

- the Annual Report 2023 dated 25 March 2024 (pages 104 to 207) (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042502498.pdf);

- the Annual Report 2024 dated 25 March 2025 (pages 110 to 211) (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042503773.pdf); and

- the Interim Report 2025 dated 25 August 2025 (pages 38 to 66) (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0911/2025091100434.pdf).

## INDEBTEDNESS

As at the close of business on 31 October 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the indebtedness of the Group was as follows:

- the Group had total outstanding debts of approximately RMB1,516.68 million, including secured and unguaranteed bank borrowings of approximately RMB1,131.78 million and unsecured and unguaranteed bank borrowings of approximately RMB384.89 million;

- the Group had lease liabilities of approximately RMB63.65 million; and

- the Group pledged its right-of-use assets of approximately RMB178.89 million and property, plant and equipment of approximately RMB14.40 million to secure bank loans of the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, no member of the Group had outstanding at the close of business on 31 October 2025 any mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar indebtedness, or any obligations under hire purchase contracts or finance leases payable or any guarantees or other contingent liabilities.

## WORKING CAPITAL

Taking into account the Group's cash and cash equivalents on hand, financial resources available to the Group and cash generated from future operations, the Directors after due and careful enquiry, are of the view that, in the absence of unforeseeable circumstances, the Group has sufficient working capital for the Group's present requirements, that is, for at least 12 months from the date of this circular. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

## FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The operating results of the Group have maintained steady growth in recent years, with its profit attributable to owners of the Company increasing from approximately RMB626 million for the year ended 31 December 2023 to approximately RMB1,061 million for the year ended 31 December 2024. As disclosed in the interim results announcement published by the Company on 28 August 2025, the profit attributable to owners of the Company continued to grow, and the Group recorded a slight increase for the six months ended 30 June 2025 as compared to the six months ended 30 June 2024.

The Group is committed to becoming an innovative leading crop nutrition enterprise in China. Looking forward, the Group will continue to focus on the business transformation and upgrading, follow the trend of the rapidly changing fertilizer industry in China, and take root in modern agriculture to promote healthy and sustainable development of arable land.

The basic segment will further explore the strategic procurement channels and exert its strengths of supply chain to secure stable supply of quality product resources and satisfy the demand of industrial and agricultural production. The growth segment will continue to adhering to the implementation of differentiation strategy and optimizing the product structure, and promote the integration of research, production and sales to improve the gross profit of products. The production segment will seize market opportunities and give full play to its resource advantages to ensure stable, long-lasting and optimal operations. Meanwhile, the Group will strengthen its strategic collaboration with Syngenta Group to further promote the sales growth.

In the course of its business development, the Group intends to make certain risk-controllable financial investments, such as deposits or short-term and principal-guaranteed financial products, with its surplus funds according to its cash management policies. The use of Sinochem Finance as a platform to manage the funds of the Group under the Financial Services Framework Agreement will allow for better monitoring and control of the funds and more efficient deployment of funds between member companies of the Group. Given that the interest rates offered by Sinochem Finance to the Group in respect of the Deposit Services shall not be lower than the interest rates for deposits of the same tenure and type as offered by independent commercial banks in the PRC, the return of the surplus funds of the Group to be deposited in Sinochem Finance will possibly be higher than those to be deposited in other independent commercial banks in the PRC.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. INTEREST IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) nor had any interest in the right to subscribe for Shares in the Company which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Directors of the Company had long position in the Shares of the Company as follows:

| Name of Director | Capacity | Number of Shares held | Percentage of the issued share capital of the Company |
|---|---|---|---|
| Wang Tielin | Beneficial owner | 1,250,000 | 0.018% |
| Chen Shengnan | Beneficial owner | 300,000 | 0.004% |
| Lu Xin | Beneficial owner | 2,900,000 | 0.041% |

## 3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Director is also an employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Director | Name of substantial shareholder of the Company | Position in the substantial shareholder of the Company |
|---|---|---|
| Su Fu | Syngenta Group China | President |
| Wang Tielin | Syngenta Group China | Vice president |
| Zhang Guangyan | Sinochem Holdings | External director |

## 4. MATERIAL CONTRACTS

The following contracts have been entered into by members of the Group, within the two years preceding the Latest Practicable Date and are or may be material:

(a) a loan contract was entered into among Sinochem Fertilizer, Yangmei Chemical Co., Ltd. (陽煤化工股份有限公司) and Pingyuan Juyuan State-owned Assets Operation Co., Ltd. (平原縣聚源國有資產經營有限公司), as the lenders, and Yangmei Pingyuan Chemical Company Limited (陽煤平原化工有限公司) ("**Yangmei Pingyuan**"), as the borrower, on 28 January 2024, pursuant to which the lenders agreed to provide loans to Yangmei Pingyuan in proportion to their respective shareholdings in Yangmei Pingyuan, including, among others, a loan in an aggregate amount of approximately RMB167.67 million to be provided by Sinochem Fertilizer (for further details, please refer to the Company's announcement dated 7 June 2023, 3 January 2024, 28 January 2024 and 20 January 2025);

(b) an asset transfer contract was entered into between Sinochem Fertilizer and ETEXE Technologies Limited (益通數科科技股份有限公司) on 10 April 2024, pursuant to which Sinochem Fertilizer agreed to sell, and ETEXE Technologies Limited agreed to purchase, the assets of the nitrogen fertilizer business unit of Sinochem Fertilizer, including one patent and 14 trademarks, the human resources and supply and sales relationship, as well as other relevant intangible assets, at a consideration of RMB41,520,700 (for further details, please refer to the Company's announcement dated 10 April 2024); and

(c) the Financial Services Framework Agreement.

## 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 6. COMPETING INTERESTS

Ms. Chen Shengnan, an executive Director of the Company, is a director of Qinghai Salt Lake Industry Co., Ltd.（青海鹽湖工業股份有限公司, "**Qinghai Salt Lake**"）. Qinghai Salt Lake is a joint stock limited liability company incorporated in the PRC whose shares are traded on the Shenzhen Stock Exchange (stock code: 000792). The principal activities of Qinghai Salt Lake include the development, production and sale of potassium chloride (a form of potash), and the comprehensive development and utilization of salt lake resources.

As at the Latest Practicable Date, the board of directors of Qinghai Salt Lake consists of 12 directors. Ms. Chen Shengnan is not involved in the daily production, sale, operation or management of Qinghai Salt Lake. Ms. Chen Shengnan has extensive experience in international resource acquisition, marketing management and team management. Ms. Chen Shengnan is aware of her duties and responsibilities as a Director and senior management member of the Company, and is able to devote sufficient time to the business of the Group. The Company believes that Ms. Chen Shengnan is able to exercise independent judgment in making decisions at the Board meetings and act in the interest of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates were interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## 7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

(a) None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group; and

(b) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up), (i) acquired or disposed of by; (ii) leased to; or (iii) were proposed to be acquired or disposed of by; or (iv) were proposed to be leased to any member of the Group.

## 8. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Company since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 9. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

## 10. EXPERT

The following is the qualification of the expert who has given its opinions or advice, which are contained or referred to in this circular:

| Name | Qualification |
|---|---|
| Somerley | a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

As at the Latest Practicable Date, Somerley:

(a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;

(b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(c) did not have any direct or indirect interest in any assets which had been since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

## 11. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Lai Ying Tung an associate member of The Hong Kong Chartered Governance Institute and of The Chartered Governance Institute in the United Kingdom.

(b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

(c) The principal place of business and head office of the Company in Hong Kong is at Unit 4705, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

(d) The principal share registrar and transfer office of the Company is Codan Services Limited at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.

(e) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

## 12. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the HKExnews website of the Hong Kong Exchanges and Clearing Limited (https://www.hkexnews.hk) and the website of the Company (https://www.sinofert.com) from the date of this circular up to and including the date of the SGM:

(a) the Financial Services Framework Agreement;

(b) the letter of advice from Somerley to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 22 to 45 of this circular; and

(c) the written consent referred to in the section headed "Expert" in this appendix.

# SINOFERT HOLDINGS LIMITED

# 中化化肥控股有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 297)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of Sinofert Holdings Limited (the "**Company**") will be held at 24th Floor, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on 19 December 2025 at 10:00 a.m. or any adjournment thereof, to consider and, if thought fit, pass, with or without modifications, the following resolution as ordinary resolution of the Company:

### ORDINARY RESOLUTION

1. "**THAT**:

   (a) the Financial Services Framework Agreement (as defined and described in the circular to the shareholders of the Company dated 4 December 2025 (the "**Circular**")) and the execution thereof and the Deposit Services (as defined and described in the Circular) contemplated thereunder be and are hereby approved, ratified and confirmed;

   (b) the maximum daily outstanding balance of the Deposit Services under the Financial Services Framework Agreement be and are hereby approved, ratified and confirmed; and

   (c) the directors of the Company or any other person authorized by the directors of the Company be and are hereby authorized to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Deposit Services and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to the Deposit Services which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution."

For and on behalf of the Board of
**Sinofert Holdings Limited**
**Su Fu**
*Chairman of the Board*

Hong Kong Special Administrative Region of the People's Republic of China
4 December 2025

*Notes:*

1. At the SGM, the resolution put to the vote will be decided by way of poll pursuant to Bye-law 66(1) of the Company. For the avoidance of doubt, holders of treasury Shares (if any) have no right to vote at the Company's general meeting(s).

2. For the purpose of determining shareholders' entitlement to attend the SGM, the register of members of the Company will be closed from 16 December 2025 to 19 December 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on 15 December 2025. Shareholders whose names appear on the register of members of the Company on 19 December 2025 are entitled to attend the SGM.

3. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

4. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.

5. Where there are joint holders of any ordinary share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

6. As at the date of this notice, the non-executive directors of the Company are Mr. Su Fu (Chairman) and Ms. Zhang Guangyan; 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.

7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect or "extreme conditions" caused by super typhoon is announced by the Government of Hong Kong any time after 7:30 a.m. on the date of the above meeting, the meeting will be postponed. The Company will post an announcement on the website of the Hong Kong Exchanges and Clearing Limited and website of the Company to notify shareholders of the date, time and place of the rescheduled meeting.