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SINOFERT HOLDINGS LIMITED

中化化肥控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 297)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS UNDER THE PROJECT DESIGN AND CONSULTING SERVICES FRAMEWORK AGREEMENT

The Board announces that on 3 April 2024, Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, and CBLE entered into the Project Design and Consulting Services Framework Agreement, pursuant to which CBLE agreed to provide Sinochem Yunlong with construction drawing design and consulting services in relation to all sporadic projects to be carried out in Sinochem Yunlong's production plant, during the period from 3 April 2024 to 31 March 2025 (both days inclusive).

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. CBLE is a subsidiary of Sinochem Holdings, and is also a connected person of the Company. The transactions under the Project Design and Consulting Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Sinochem Yunlong and CBLE entered into the Electrical Retrofit Contract on 8 November 2023, which constituted a connected transaction of the Company. As all applicable percentage ratios in respect of the transaction under the Electrical Retrofit Contract are less than 0.1%, the Electric Retrofit Contract is fully exempt from the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions under the Project Design and Consulting Services Framework Agreement should be aggregated together with the Electrical Retrofit Contract. As the applicable percentage ratios in respect of the annual cap amount of transactions, on an aggregate basis, are more than 0.1% but less than 5%, the transactions under the Project Design and Consulting Services Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Sinochem Yunlong, an indirect wholly-owned subsidiary of the Company, intends to proceed with technological transformation in relation to, among others, the commercialization of phosphorus tailings, comprehensive utilization of phosphogypsum, phosphogypsum temporary storage sites and automation of phosphoric acid purification device according to its annual plan for investment in operating fixed assets. CBLE has participated in the public tender process of Sinochem Yunlong and has been confirmed as the successful bidder of the project.

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PRINCIPAL TERMS OF THE PROJECT DESIGN AND CONSULTING SERVICES FRAMEWORK AGREEMENT

Date

3 April 2024

Parties

- (a) Sinochem Yunlong
- (b) CBLE

Services to be provided

Pursuant to the Project Design and Consulting Services Framework Agreement, CBLE agreed to provide Sinochem Yunlong with construction drawing design and consulting services in relation to all sporadic projects to be carried out in Sinochem Yunlong's production plant, including but not limited to the project proposal, feasibility study report, assessment of the project proposal, assessment of the feasibility study report, preliminary design and budget estimate, construction drawing design and budget, as-built drawing, preliminary survey and layout design, preparation and review of a special section on the design of safety facilities, preparation and review of a special section on the design of occupational disease protection facilities, preparation and review of a special section on fire control, preparation and review of a special section on energy saving (or energy saving assessment and services), preparation and review of a special section on the design of environmental protection, HAZOP analysis, and provision of consulting services, design disclosure services, solutions to any issues that might arise in the course of construction, inspection and acceptance services for completed projects and field services to be performed by engineers, etc.

Pricing basis

(a) Project design

The pricing calculation formula for fees of each project design project under the Project Design and Consulting Services Framework Agreement is as follows:

$$\text{Project design fees} = [A \text{ (base price for project design fees)} \times B \text{ (professional adjustment coefficients)} \times C \text{ (project complexity adjustment coefficients)} \times D \text{ (discount rate)}] \times D \text{ (discount rate)}$$

Among which,

- A - base price for project design fees will be calculated based on the specific actual investment amount and in accordance with the “Regulations on the Administration of Engineering Survey and Design Fees” (《工程勘察設計收費管理規定》)
- B - 1.1
- C - technological transformation project being 1.0; new construction project being 0.9
- D - usually being 0.9

(b) Consulting services

The pricing calculation formula for consulting service fees is as follows:

$$\text{Consulting service fees} = A \text{ (tiered charging standards for estimated investment amounts of construction projects)} \times B \text{ (professional adjustment coefficients)} \times C \text{ (project complexity adjustment coefficients)} \times D \text{ (discount rate)}$$

Among which,

- A - tiered charging standards for estimated investment amounts of construction projects are based on the below table
- B - 1.1
- C - technological transformation project being 1.0; new construction project being 0.9
- D - usually being 0.9

Tiered charging standards for estimated investment amounts of construction projects

Unit: RMB0'000

Estimated investment amounts	200 - 500	500 - 1,000	1,000 - 3,000	3,000 - 10,000	10,000 - 50,000
Consultation and assessment projects					
Fee for preparation of a project proposal	1 - 2	2 - 3	3 - 6	6 - 14	14 - 37
Fee for preparation of a feasibility study report	2 - 4	4 - 6	6 - 12	12 - 28	28 - 75

The above pricing basis is determined through the public tender process. In order to ensure that the price is consistent with the normal commercial terms, Sinochem Yunlong has selected the service provider through the public tender process. Not less than three service providers participated in the tender and the tendering procedures were in compliance with regulations. During the tendering procedures, the factors that Sinochem Yunlong took into

consideration included (i) the terms in the bidding document provided by bidders, including the bidding price and the response to the terms of the tender; (ii) the background, qualification and financial position of bidders; (iii) the estimated workload; (iv) the financial budget for the relevant services; and (v) the unit prices of contracts from previous tenders and the charging standards required by the national laws and regulations, and the fees limit was achieved based on the above and through the setting of a maximum bidding coefficient.

Payment

Subject to the specific agreements signed under the Project Design and Consulting Services Framework Agreement, the project design fees and/or consulting service fees shall be paid by Sinochem Yunlong to CBLE in compliance with relevant general business practices, on fair and reasonable terms, and in light of the project milestones set forth in the specific agreements. The relevant consideration will be funded by Sinochem Yulong's internal resources.

Before any specific agreement is to be entered into under the Project Design and Consulting Services Framework Agreement, the relevant personnel and management of the Group will review and assess the terms of the specific agreement to ensure that it is in line with the principles and requirements set forth in the Project Design and Consulting Services Framework Agreement. They will also regularly review and assess whether the continuing connected transactions are conducted on terms of the relevant specific agreement, and whether the fees and price of a specific transaction are fair and reasonable, and in line with the above pricing basis.

Term

The Project Design and Consulting Services Framework Agreement shall have a term from the date of its execution to 31 March 2025 (both days inclusive).

ANNUAL CAPS

For the services to be provided by CBLE to Sinochem Yunlong under the Project Design and Consulting Services Framework Agreement, the cumulative amount of the services will not exceed RMB5,000,000 and RMB500,000 for the nine months ending 31 December 2024 and the three months ending 31 March 2025, respectively, according to the annual plan for projects implementation.

Before entering into the Project Design and Consulting Services Framework Agreement and the previous Electrical Retrofit Contract, the Group has not purchased similar services from CBLE. As such, the relevant annual caps are determined based on (i) the purchase amount under the Electrical Retrofit Contract; (ii) Sinochem Yunlong's specific demand for the project design and consulting services of sporadic projects under its annual plan for projects implementation and actual investment amount; and (iii) the pricing basis disclosed in the section headed "Pricing basis".

PREVIOUS ELECTRICAL RETROFIT CONTRACT

On 8 November 2023, Sinochem Yunlong and CBLE entered into the Electrical Retrofit Contract. Pursuant to the Electrical Retrofit Contract, CBLE provided design, procurement,

construction and other services in relation to the extraction and filtration sections of Sinochem Yunlong's electrical retrofit project. The construction period was from 8 November 2023 to 29 December 2023.

The provisional estimate of the total contractual consideration for the Electrical Retrofit Contract was RMB3,900,000, which consisted of design fees, construction and installation costs and material costs. The final and actual amount will be decided upon completion of the project final accounts and based on the actual amount of construction work completed. As at the date of this announcement, the project final accounts for the electrical retrofit project have not been completed. However, the Board does not expect that the actual amount of payment will cause any significant adjustments to the provisional estimate of the total consideration and result in any change in the classification of the transaction under the Electrical Retrofit Contract and/or the transactions under the Electrical Retrofit Contract and the Project Design and Consulting Services Framework Agreement on an aggregate basis in accordance with Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT DESIGN AND CONSULTING SERVICES FRAMEWORK AGREEMENT

Sinochem Yunlong intends to proceed with technological transformation in relation to, among others, the commercialization of phosphorus tailings, comprehensive utilization of phosphogypsum, phosphogypsum temporary storage sites and automation of phosphoric acid purification device according to its annual plan for investment in operating fixed assets. Therefore, it needs to select a design institute with solid qualification and strong competence to undertake project design and provide consulting services.

To cope with the above needs, Sinochem Yunlong carried out public tender process to select the service providers with necessary qualifications pertaining to the relevant projects. CBLE has relevant qualification and expertise and can provide Sinochem Yunlong with the services required under the Project Design and Consulting Service Framework Agreement.

The Directors (including the independent non-executive Directors) are of the view that the transactions under the Project Design and Consulting Services Framework Agreement are conducted by the Group on normal commercial terms and in its ordinary and usual course of business, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and the annual caps in respect of the continuing connected transactions under the Project Design and Consulting Services Framework Agreement are also fair and reasonable.

As none of the Directors is regarded as having a material interest in the Project Design and Consulting Services Framework Agreement and transactions thereunder, no Director has abstained from voting on the resolution of the Board approving the Project Design and Consulting Services Framework Agreement and transactions thereunder.

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. CBLE is a subsidiary of Sinochem Holdings, and is also a connected person of the Company. The transactions under the Project Design and Consulting

“CBLE”	中藍連海設計研究院有限公司 (China Bluestar Lehigh Engineering Corporation), a company incorporated in the PRC with limited liability, and a non-wholly owned subsidiary of Sinochem Holdings
“Company”	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the same meaning ascribed to it under the Listing Rules
“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
“Director(s)”	the director(s) of the Company
“Electrical Retrofit Contract”	the electrical retrofit contract dated 8 November 2023 entered into between Sinochem Yunlong and CBLE
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, exclude Hong Kong, Macao Special Administrative Region and Taiwan
“Project Design and Consulting Services Framework Agreement”	the framework agreement for the construction drawing design and consulting services of the annual sporadic projects dated 3 April 2024 entered into between Sinochem Yunlong and CBLE
“RMB”	Renminbi, the lawful currency of the PRC
“Sinochem Holdings”	中國中化控股有限責任公司 (Sinochem Holdings Corporation Ltd.), a state-owned enterprise incorporated in the PRC, and the ultimate controlling shareholder of the Company

“Sinochem Yunlong”	中化雲龍有限公司 (Sinochem Yunlong Co., Ltd.), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“%”	percent

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

Hong Kong, 3 April 2024

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