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## **SINOFERT HOLDINGS LIMITED**

**中化化肥控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 297)**

### **ANNOUNCEMENT CONNECTED TRANSACTION EPC GENERAL CONTRACTING AGREEMENT**

The Board announces that on 11 March 2021, Sinochem Fuling (as principal) entered into the EPC General Contracting Agreement with CBLE and CIEI (as contractors), pursuant to which CBLE and CIEI will provide design, procurement and construction services to Sinochem Fuling in respect of the Project for a total consideration of RMB84,380,000.

#### **LISTING RULES IMPLICATIONS**

ChemChina 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 non-wholly owned subsidiary of ChemChina and also a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **BACKGROUND**

According to the requirements under the environmental policies of the local government, Sinochem Fuling, an indirect non-wholly owned subsidiary of the Company, has relocated its production facilities to Baitao Chemical Industry Park, Fuling District, Chongqing, the PRC, and planned to construct the facilities for the production of fine phosphates and ancillary novel fertilizers on the new production site. In this connection, Sinochem Fuling has selected

the consortium formed by CBLE and CIEI as the contractors of the Project through a public tender process.

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

### ***Date***

11 March 2021

### ***Parties***

Principal: Sinochem Fuling

Contractors: CBLE and CIEI

### ***Project***

Located on the new production site of Sinochem Fuling (i.e. Baitao Chemical Industry Park, Fuling District, Chongqing, the PRC), the Project involves the construction of beneficiation and ancillary equipment with a production capacity of 1.2 million tonnes per annum, which forms part of the production facilities to be built by Sinochem Fuling on its new production site for the production of 200,000 tonnes of fine phosphates and ancillary novel fertilizers per annum.

The construction of the Project is scheduled to be completed by 25 January 2022.

### ***Services to be provided by the contractors***

Under the EPC General Contracting Agreement, CBLE shall be responsible for the design of the Project, procurement of equipment, procurement of certain major materials for installation works, project management and other related tasks, whereas CIEI shall be responsible for the construction and installation works, and procurement of all materials for construction works and certain materials for installation works.

### ***Consideration***

The consideration of the Transaction shall be RMB84,380,000, which was arrived at through the public tender process. The consideration includes the following:

<b><u>Cost Breakdown</u></b>	<b><u>Amount (RMB)</u></b>
Construction and installation cost	45,680,800
Cost for procurement of equipment and materials	33,684,500
Design service fee	5,014,700
<b>Total</b>	<b>84,380,000</b>

The consideration of the Transaction will be funded by the Group from its internal resources.

### ***Payment***

Within 15 days after the execution of the EPC General Contracting Agreement, CBLE and CIEI shall pay to Sinochem Fuling a performance bond in an aggregate amount equivalent to 10% of the total consideration (being RMB8,438,000). Such performance bond shall be refunded, without interest, by Sinochem Fuling to CBLE and CIEI within 15 days after the completion and handover of the Project to Sinochem Fuling.

The total consideration shall be paid by Sinochem Fuling to CBLE in tranches according to the construction progress of the Project, which shall then be allocated by CBLE to CIEI based on their division of labour. Sinochem Fuling shall pay up to 80% of the total consideration upon completion of construction of the Project, up to 85% of the total consideration following the passing of a trial run, and up to 97% of the total consideration upon settlement at completion. The remaining 3% of the total consideration (being RMB2,531,400), as a quality guarantee deposit, shall be paid by Sinochem Fuling after the expiry of the guarantee period.

### **REASONS FOR AND BENEFITS OF THE TRANSACTION**

According to the requirements under the environmental policies of the local government, Sinochem Fuling has relocated its production facilities to Baitao Chemical Industry Park, Fuling District, Chongqing, the PRC, and planned to construct the facilities for the production of fine phosphates and ancillary novel fertilizers on the new production site. In this connection, Sinochem Fuling published a public tender document in respect of the Project on the public resource transaction information network of Fuling in Chongqing. After taking into consideration the technical experience of all bidders, their professional qualification, business reputation, management capability, quotation provided and other relevant factors, Sinochem Fuling has selected the consortium formed by CBLE and CIEI as the contractors of the Project.

CBLE has extensive experience in survey, design, scientific research and development, general contracting and project supervision, and has completed a number of national key and large- and medium-sized projects, with sound reputation in the industry. CIEI is a large-scale comprehensive installation company that has extensive experience in installation works. The Transaction is vital to pushing forward the construction of the new production facilities of Sinochem Fuling and ensuring their steady production.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is entered into by the Group in its ordinary and usual course of business, on normal commercial terms, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. J. Erik Fyrwald, Mr. Qin Hengde and Mr. Feng Mingwei, being Directors of the Company and management members of Syngenta Group Co., Ltd. (a subsidiary of ChemChina) and/or its China Region, have abstained from voting on the Board resolution to approve the Transaction.

## **LISTING RULES IMPLICATIONS**

ChemChina 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 non-wholly owned subsidiary of ChemChina and also a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

The Company is principally engaged in the production, procurement and sale of fertilizers and related products in the PRC. The main business comprises research and development, production, procurement, distribution and agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses.

Sinochem Fuling is indirectly owned as to 74.56% by the Company and therefore an indirect non-wholly owned subsidiary of the Company. It is primarily engaged in the production and sale of phosphate compound fertilizer products.

ChemChina is primarily engaged in the production and sale of chemical raw materials, chemical products, chemical minerals, fertilizers, agrichemicals (excluding hazardous chemicals), plastics, tyres, rubber products, membrane equipment and chemical equipment; the production and sale of mechanical products, electronic products, instruments and apparatus, construction materials, textiles, light industrial products, forest products and forest chemical products; and the research, development, design and construction of chemical equipment, chemical cleaning, anticorrosion, petrochemicals and water technology. The sole shareholder of ChemChina is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

CBLE, a non-wholly owned subsidiary of ChemChina, is a comprehensive scientific research and design unit, engaging in the scientific research, design and survey, project contracting, project supervision, bidding agency and other services.

CIEI is primarily engaged in the construction general contracting of installation works of various large- and medium-sized industrial facilities, public utilities and public buildings; installation of equipment, circuits and pipelines of industrial construction projects and their overall production equipment; construction professional contracting of different installation works; and manufacturing and installation of large-sized non-standard metal structures, pressure vessels and power cranes. The ultimate beneficial owner of CIEI is Chongqing State-owned Assets Supervision and Administration Commission. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CIEI and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors of the Company
“CBLE”	China Bluestar Lehigh Engineering Corporation (中藍連海設計研究院有限公司), a company incorporated in the PRC with limited liability, and a non-wholly owned subsidiary of ChemChina
“CIEI”	Chongqing Industrial Equipment Installation Group Co., Ltd. (重慶工業設備安裝集團有限公司), a limited liability company incorporated under the laws of the PRC
“ChemChina”	China National Chemical Corporation Limited (中國化工集團有限公司), a limited liability company incorporated under the laws of the PRC, and the ultimate controlling shareholder of the Company
“Company”	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EPC General Contracting Agreement”	the general contracting agreement dated 11 March 2021 entered into between Sinochem Fuling (as principal) and CBLE and CIEI (as contractors) in respect of the Transaction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administration Region and Taiwan

“Project”	the project for the construction of beneficiation and ancillary equipment with a production capacity of 1.2 million tonnes per annum, which forms part of the production facilities to be built by Sinochem Fuling on its new production site for the production of 200,000 tonnes of fine phosphates and ancillary novel fertilizers per annum
“RMB”	Reminbi, the lawful currency of the PRC
“shareholder(s)”	registered holder(s) of ordinary share(s) of HK\$0.10 each in the capital of the Company
“Sinochem Fuling”	中化重慶涪陵化工有限公司 (Sinochem Fuling Chongqing Chemical Industry Co., Ltd.), a company incorporated in the PRC with limited liability, and an indirect non-wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Transaction”	the provision of design, procurement and construction services by CBLE and CIEI to Sinochem Fuling in respect of the Project under the EPC General Contracting Agreement
“%”	percent

For and on behalf of the Board  
**SINOFERT HOLDINGS LIMITED**  
**Qin Hengde**  
*Executive Director and Chief Executive Officer*

Hong Kong, 11 March 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Qin Hengde (Chief Executive Officer), Mr. Feng Mingwei and Mr. Harry Yang; the non-executive director of the Company is Mr. J. Erik Fyrwald (Chairman); and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Tse Hau Yin, Aloysius.*

*\* For identification purposes only*