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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 UK SERVICE AGREEMENT

Reference is made to the announcement of the Company dated 9 December 2019 in relation to, among other things, the existing UK service agreement entered into between Sinochem Macao, an indirect wholly-owned subsidiary of the Company, and Sinochem UK. Such agreement will expire on 31 December 2022. On 13 December 2022, Sinochem Macao and Sinochem UK entered into the UK Service Agreement, pursuant to which Sinochem UK will continue to provide local supplier relations and logistics services to Sinochem Macao during the period from 1 January 2023 to 31 December 2025 (both days inclusive).

Implications of the Listing Rules

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Syngenta Group is the indirect controlling shareholder of the Company, holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. Sinochem UK, an indirect wholly-owned subsidiary of Syngenta Group, is also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the UK Service Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the UK Service Agreement are more than 0.1% but less than 5%, such transactions 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

Reference is made to the announcement of the Company dated 9 December 2019 in relation to, among other things, the existing UK service agreement entered into between Sinochem Macao, an indirect wholly-owned subsidiary of the Company, and Sinochem UK. Such agreement will expire on 31 December 2022.

On 13 December 2022, Sinochem Macao and Sinochem UK entered into the UK Service Agreement, pursuant to which Sinochem UK will continue to provide local supplier relations

and logistics services to Sinochem Macao during the period from 1 January 2023 to 31 December 2025 (both days inclusive).

PRINCIPAL TERMS OF THE UK SERVICE AGREEMENT

Date

13 December 2022

Parties

- (a) Sinochem Macao
- (b) Sinochem UK

Nature of transactions

Pursuant to the UK Service Agreement, Sinochem UK shall provide local supplier relations and logistics services to Sinochem Macao in Europe at cost.

Pricing and payment

Pursuant to the UK Service Agreement, the service fees payable by Sinochem Macao to Sinochem UK for different products imported by Sinochem Macao and in respect of which Sinochem UK has provided services shall range from US\$0.5 to US\$18 per tonne.

Such fees are determined based on the costs incurred by Sinochem UK (which mainly include salaries and employee benefits, office rent, repair and maintenance, utilities, insurance and other administrative costs). Sinochem UK and Sinochem Macao may by agreement in writing adjust the fee payable in accordance with the changes in operational expenses of Sinochem UK, provided that the total amount of payments to be made by Sinochem Macao to Sinochem UK under the UK Service Agreement shall not exceed US\$2,300,000 each calendar year. Sinochem UK shall issue invoices on a quarterly basis to Sinochem Macao for all services it provides from time to time, and Sinochem Macao shall settle the invoice within 10 days of the date of such invoice.

Term

The term of the UK Service Agreement is from 1 January 2023 to 31 December 2025 (both days inclusive).

ANNUAL CAPS

The Company estimates that the annual cap in respect of the fees payable by Sinochem Macao to Sinochem UK under the UK Service Agreement for each of the three years ending 31 December 2025 will be US\$2,300,000. Such annual cap has been determined based on the projected quantities of purchase by Sinochem Macao from local suppliers in Europe for each of the relevant years and the rates of service fees charged by Sinochem UK as stipulated in the UK Service Agreement.

The historical amounts of the fees paid by Sinochem Macao to Sinochem UK for such supplier relations and logistics services for the two years ended 31 December 2021 and the ten months ended 31 October 2022 were US\$2,300,000, US\$1,900,000 and US\$1,425,000, respectively.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As the Group does not have any staff working in Europe and needs Sinochem UK to provide it with supplier relations and logistics services in Europe, the UK Service Agreement was therefore entered into between the parties.

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the UK Service 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 annual caps for the continuing connected transactions contemplated under the UK Service Agreement are fair and reasonable.

Mr. J. Erik Fyrwald and Mr. Qin Hengde, being Directors of the Company and management members of Syngenta Group, have abstained from voting on the Board resolution passed to approve the UK Service Agreement and the transactions contemplated thereunder.

IMPLICATIONS OF THE LISTING RULES

Sinochem Macao is an indirect wholly-owned subsidiary of the Company. Syngenta Group is the indirect controlling shareholder of the Company, holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. Sinochem UK, an indirect wholly-owned subsidiary of Syngenta Group, is also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the UK Service Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual caps for continuing connected transactions contemplated under the UK Service Agreement are more than 0.1% but less than 5%, such transactions 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.

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 Macao, an indirect wholly-owned subsidiary of the Company, is principally engaged in sourcing fertilizer products and other related agricultural products for the Group from overseas.

Syngenta Group is the indirect controlling shareholder of the Company and an indirect wholly-owned subsidiary of Sinochem Holdings. Sinochem Holdings is a large-scale chemical conglomerate operating in eight business sectors covering life science, materials science, basic

chemicals, environmental science, rubber and tire, machinery and equipment, city operation, and industrial finance. The sole shareholder of Sinochem Holdings is the State-owned Assets Supervision and Administration Commission of the State Council.

Sinochem UK, an indirect wholly-owned subsidiary of Syngenta Group, is principally engaged in the provision of supplier relations and logistics services to the Group in Europe, and it also provides updates on the PRC fertilizer industry and the business demands of the Group to suppliers.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Sinofert Holdings Limited, a company incorporated on 26 May 1994 in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“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
“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
“Macao”	the Macao Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao and Taiwan
“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 Macao”	中化化肥澳門有限公司 (Sinochem Fertilizer Macao Limited, formerly known as 中化化肥澳門離岸商業服務有限公司 (Sinochem Fertilizer Macao Commercial Offshore Limited)), a company incorporated in Macao on 16 November 2004, and an indirect wholly-owned subsidiary of the Company
“Sinochem UK”	Sinochem (United Kingdom) Limited, a company incorporated in the United Kingdom on 30 July 1986, and an indirect wholly-owned subsidiary of Syngenta Group
“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
“UK Service Agreement”	the provision of services agreement dated 13 December 2022 entered into between Sinochem Macao and Sinochem UK
“US\$”	US dollars, the lawful currency of the United States of America
“%”	percent

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

Hong Kong, 13 December 2022

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.