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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 TRANSACTIONS UNDER THE LEASE AGREEMENTS

LEASE AGREEMENTS

The Board announces that on 20 December 2023, Sinochem Fertilizer (as the lessee), an indirect wholly-owned subsidiary of the Company, (1) entered into the Lease Agreement I and the Lease Agreement II with Junmao Real Estate (as the lessor); (2) together with Sinochem Agriculture (as one of the lessees) entered into the Lease Agreement III with Junmao Real Estate (as the lessor); and (3) together with Syngenta Seeds, CNSG and Sinochem Agriculture (as other lessees) entered into the Lease Agreement IV with Junmao Real Estate (as the lessor).

Pursuant to the Lease Agreements, Sinochem Fertilizer (as the lessee) agreed to lease from Junmao Real Estate (as the lessor) the Properties located at Royal International Mansion.

IMPLICATIONS OF THE LISTING RULES

Sinochem Holdings is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Junmao Real Estate is an indirect non-wholly-owned subsidiary of Sinochem Holdings, and is therefore also a connected person of the Company.

In accordance with HKFRS 16 “Leases”, the rental payment to be made by Sinochem Fertilizer under each of the Lease Agreements will be recognised as a right-of-use asset and will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. The payment of the property management fees to be made by Sinochem Fertilizer under each of the Lease Agreements will be recognised as expenses of the Group over the lease term of each of the Lease Agreements. As such, pursuant to Chapter 14A of the Listing Rules, the payment of rentals under each of the Lease Agreements constitutes a one-off connected transaction of the Company, and the payment of property management fees under each of the Lease Agreements constitutes a continuing connected transaction of the Company.

All transactions contemplated under the Lease Agreements should be aggregated pursuant to Rule 14A.81 of the Listing Rules. Given that the relevant applicable percentage ratios in respect of the value of the right-of-use asset to be recognised by the Group under the Lease Agreements are, when aggregated, more than 0.1% but less than 5%, the transactions contemplated under the Lease Agreements and the payment of rentals thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Given that all applicable percentage ratios in respect of the annual amount of the property management fees are less than 0.1%, the payment of property management fees is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that on 20 December 2023, Sinochem Fertilizer (as the lessee), an indirect wholly-owned subsidiary of the Company, (1) entered into the Lease Agreement I and the Lease Agreement II with Junmao Real Estate (as the lessor); (2) together with Sinochem Agriculture (as one of the lessees) entered into the Lease Agreement III with Junmao Real Estate (as the lessor); and (3) together with Syngenta Seeds, CNSG and Sinochem Agriculture (as other lessees) entered into the Lease Agreement IV with Junmao Real Estate (as the lessor).

PRINCIPAL TERMS OF THE LEASE AGREEMENT I

Date:	20 December 2023
Parties:	(1) Sinochem Fertilizer (as the lessee); and (2) Junmao Real Estate (as the lessor)
Leased Properties and Area:	Units 1712-1713 on the 17 th floor, the entire 18 th floor and unit 1901 on the 19 th floor of Royal International Mansion, with a total gross floor area of 3,423.53 square metres
Purpose:	Office premises
Term:	From 1 January 2024 to 30 March 2025
Rental:	The rentals of the leased properties are RMB749,835.23 (inclusive of tax) per month, payable by Sinochem Fertilizer to Junmao Real Estate on a quarterly basis.
Property Management Fees:	The property management fees of the leased properties are RMB95,858.84 (inclusive of tax) per month, payable by Sinochem Fertilizer to the property management company designated by Junmao Real Estate on a quarterly basis.

PRINCIPAL TERMS OF THE LEASE AGREEMENT II

Date:	20 December 2023
Parties:	(1) Sinochem Fertilizer (as the lessee); and (2) Junmao Real Estate (as the lessor)
Leased Properties and Area:	Unit 101A on the B1 floor of Royal International Mansion, with a gross floor area of 144.64 square metres

Purpose:	Staff canteen
Term:	From 1 January 2024 to 30 September 2026
Rental:	The rental of the leased property is RMB19,360.44 (inclusive of tax) per month. Except for the initial rental payment of RMB174,243.96 for the period from 1 January 2024 to 30 September 2024 that shall be made within five business days from the execution of the Lease Agreement II, any subsequent rental payments shall be made in a lump sum by Sinochem Fertilizer to Junmao Real Estate every twelve months.
Property Management Fees:	The property management fees of the leased property are RMB4,050.06 (inclusive of tax) per month. Except for the initial property management fees of RMB36,450.54 for the period from 1 January 2024 to 30 September 2024 that shall be paid within five business days from the execution of the Lease Agreement II, any subsequent property management fees shall be paid in a lump sum by Sinochem Fertilizer to the property management company designated by Junmao Real Estate every twelve months.

PRINCIPAL TERMS OF THE LEASE AGREEMENT III

Date:	20 December 2023
Parties:	<ol style="list-style-type: none"> (1) Sinochem Fertilizer (as one of the lessees); (2) Sinochem Agriculture (as one of the lessees); and (3) Junmao Real Estate (as the lessor) <p>Sinochem Fertilizer and Sinochem Agriculture are in the same capacity as the lessees to the Lease Agreement III, and each of them will lease different properties from Junmao Real Estate pursuant to the Lease Agreement III. Sinochem Fertilizer will have no transactions with Sinochem Agriculture under the Lease Agreement III.</p>
Leased Properties and Area:	Under the Lease Agreement III, Sinochem Fertilizer will lease from Junmao Real Estate unit 412A on the 4 th floor of Royal International Mansion, with a gross floor area of 95.60 square metres
Purpose:	Office premises
Term:	From 1 January 2024 to 31 December 2026
Rental:	Under the Lease Agreement III, the rentals per square metre payable by the lessees to Junmao Real Estate in respect of their respective leased properties are the same.
	Pursuant to the Lease Agreement III, the rental required to be paid by Sinochem Fertilizer thereunder is RMB14,540.76 (inclusive of tax) per month, payable by Sinochem Fertilizer to Junmao Real Estate on a quarterly basis.
Property Management Fees:	Under the Lease Agreement III, the property management fees per square metre payable by the lessees to the property management company designated

by Junmao Real Estate in respect of their respective leased properties are the same.

Pursuant to the Lease Agreement III, the property management fees required to be paid by Sinochem Fertilizer thereunder are RMB2,676.80 (inclusive of tax) per month, payable by Sinochem Fertilizer to the property management company designated by Junmao Real Estate on a quarterly basis.

PRINCIPAL TERMS OF THE LEASE AGREEMENT IV

Date: 20 December 2023

Parties: (1) Sinochem Fertilizer (as one of the lessees);
(2) Syngenta Seeds, CNSG and Sinochem Agriculture (as other lessees);
and
(3) Junmao Real Estate (as the lessor)

Sinochem Fertilizer, together with Syngenta Seeds, CNSG and Sinochem Agriculture, are in the same capacity as the lessees to the Lease Agreement IV, and each of them will lease different properties from Junmao Real Estate pursuant to the Lease Agreement IV. Sinochem Fertilizer will have no transactions with Syngenta Seeds, CNSG and Sinochem Agriculture under the Lease Agreement IV.

Leased Properties and Area: Under the Lease Agreement IV, Sinochem Fertilizer will lease from Junmao Real Estate unit 401 on the 4th floor of Royal International Mansion, with a gross floor area of 247.84 square metres

Purpose: Office premises

Term: From 22 December 2023 to 21 December 2026

Rental: Under the Lease Agreement IV, the rentals per square metre payable by the lessees to Junmao Real Estate in respect of their respective leased properties are the same.

Pursuant to the Lease Agreement IV, the rental required to be paid by Sinochem Fertilizer thereunder is RMB37,696.46 (inclusive of tax) per month, payable by Sinochem Fertilizer to Junmao Real Estate on a quarterly basis.

Property Management Fees: Under the Lease Agreement IV, the property management fees per square metre payable by the lessees to the property management company designated by Junmao Real Estate in respect of their respective leased properties are the same.

Pursuant to the Lease Agreement IV, the property management fees required to be paid by Sinochem Fertilizer thereunder are RMB6,939.52 (inclusive of tax) per month, payable by Sinochem Fertilizer to the property management company designated by Junmao Real Estate on a quarterly basis.

ACCOUNTING TREATMENT

In accordance with HKFRS 16 “Leases”, the payments to be made by Sinochem Fertilizer under the Lease Agreements consist of lease (i.e. rentals) and non-lease (i.e. property management fees) components and hence different accounting treatments will be applied.

The Group will recognise a right-of-use asset and related lease liability in its consolidated statement of financial position in connection with the Lease Agreements. The estimated value of the right-of-use asset to be recognised by the Group under the Lease Agreements amounts to approximately RMB12,278,927.21, which is the present value of rental payment and estimated reinstatement cost in accordance with HKFRS 16. A discount rate of 4.5% per annum is adopted in calculating the present value of the lease payment. It should be noted that the above figure is unaudited and may be subject to adjustment in the future.

The property management fees will be recognised as expenses in the consolidated statement of profit or loss of the Group.

BASIS FOR THE DETERMINATION OF RENTALS

The rentals and property management fees of the Properties are determined based on arm’s length negotiations between the Group and Junmao Real Estate on normal commercial terms. When determining the rentals and property management fees, the Group has made reference to the rates of similar types of properties in the surrounding areas and the rates charged by Junmao Real Estate to other tenants of Royal International Mansion. The rentals and property management fees charged by Junmao Real Estate to Sinochem Fertilizer are not higher than the rates charged by Junmao Real Estate to its other tenants.

REASONS AND BENEFITS FOR THE CONNECTED TRANSACTIONS

As certain office spaces of the Properties have long been used by Sinochem Fertilizer, the entering into of the Lease Agreements would allow Sinochem Fertilizer to continue to use the office spaces previously leased by it and to increase the areas for storage of its office documents, so as to maintain the stable business operations of the Group, and would also save the relocation and renovation costs to be incurred by Sinochem Fertilizer, which is commercially necessary and beneficial as far as it is concerned.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under each of the Lease Agreements are entered into in the ordinary course of business of the Group and on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole, and that the rentals and property management fees under each of the Lease Agreements are fair and reasonable. None of the Directors is regarded as having a material interest in the transactions contemplated under each of the Lease Agreements, and hence none of the Directors has abstained from voting on the Board resolution to approve the transactions contemplated under each of the Lease Agreements.

INFORMATION ABOUT THE PARTIES

The Group

The Company is principally engaged in the production, import and export, distribution and retail of raw materials and finished products of crop nutrition products, provision of technological research and development and services relating to crop nutrition business and products, exploration and exploitation of phosphate mine, and production of monocalcium/dicalcium phosphate (MCP/DCP).

Sinochem Fertilizer is engaged in the production, import and export, distribution and retail of raw materials and finished products of crop nutrition products, as well as research and development and services relating to crop nutrition business and products.

Lessor to the Lease Agreements

Sinochem Holdings, the ultimate controlling shareholder of the Company, is a large-scale chemical conglomerate. It operates in eight business sectors covering life science, materials science, basic chemicals, environmental science, rubber and tire, machinery and equipment, city operation, and industrial finance. The sole shareholder of Sinochem Holdings is the SASAC.

Junmao Real Estate is the operator of Royal International Mansion. It is mainly engaged in real estate development and sales, property management, leasing of office spaces and commercial properties, and corporate management and consultation. Junmao Real Estate is an indirect non-wholly-owned subsidiary of Sinochem Holdings.

Other lessees to the Lease Agreements

Syngenta Group is mainly engaged in the technological development, transfer and advisory service in the fields of agricultural technology, biotechnology and information technology; the production and operation of crop seeds; the production of genetically modified crop seeds; and the research and development, and sale of chemical raw materials and products (excluding hazardous chemicals, controlled chemicals, civil explosives and precursor chemicals). Syngenta Group is an indirect wholly-owned subsidiary of Sinochem Holdings.

Sinochem Agriculture's core businesses include the promotion of integrated planting solutions, land trust, design of agricultural input packages, auxiliary facilities for agricultural mechanization, technology tracking, as well as the services in relation to the sale of agricultural products, food banks and agricultural informatization, and the businesses such as agricultural and production credit, agricultural and financial leasing, and agricultural insurance. Sinochem Agriculture also carries out projects on the renovation of low- and medium-yield farmlands, improvement of soil, demonstration of precision agriculture and utilization of agricultural waste as resources. Sinochem Agriculture is a wholly-owned subsidiary of Syngenta Group.

CNSG is the first seed company established in the PRC with the approval of the State Council and has currently developed into a large-scale seed group with a complete industry chain that integrates scientific research, production, processing, marketing and technical services. CNSG is a wholly-owned subsidiary of Syngenta Group.

Syngenta Seeds is primarily engaged in the business in relation to the research and development of vegetable seedlings, and is an indirect wholly-owned subsidiary of Syngenta Group.

IMPLICATIONS OF THE LISTING RULES

Sinochem Holdings is the ultimate controlling shareholder of the Company, holding an effective interest of approximately 52.65% of the Company, and is therefore a connected person of the Company. Junmao Real Estate is an indirect non-wholly-owned subsidiary of Sinochem Holdings, and is therefore also a connected person of the Company.

In accordance with HKFRS 16 "Leases", the rental payment to be made by Sinochem Fertilizer under each of the Lease Agreements will be recognised as a right-of-use asset and will be regarded as an acquisition of assets by the Group for the purpose of the Listing Rules. The payment of the property management fees to be made by Sinochem Fertilizer under each of the Lease Agreements will be recognised as expenses of the Group over the lease term of each of the Lease Agreements. As such, pursuant to Chapter 14A of the Listing Rules, the payment of rentals under each of the Lease

Agreements constitutes a one-off connected transaction of the Company, and the payment of property management fees under each of the Lease Agreements constitutes a continuing connected transaction of the Company.

All transactions contemplated under the Lease Agreements should be aggregated pursuant to Rule 14A.81 of the Listing Rules. Given that the relevant applicable percentage ratios in respect of the value of the right-of-use asset to be recognised by the Group under the Lease Agreements are, when aggregated, more than 0.1% but less than 5%, the transactions contemplated under the Lease Agreements and the payment of rentals thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Given that all applicable percentage ratios in respect of the annual amount of the property management fees are less than 0.1%, the payment of property management fees is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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
“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
“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
“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
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Junmao Real Estate”	北京俊茂置業有限公司 (Beijing Junmao Real Estate Co., Ltd.), a company incorporated in the PRC with limited liability and the operator of Royal International Mansion
“Lease Agreements”	the Lease Agreement I, the Lease Agreement II, the Lease Agreement III and the Lease Agreement IV

“Lease Agreement I”	the lease agreement dated 20 December 2023 entered into between Sinochem Fertilizer and Junmao Real Estate in respect of the lease of units 1712-1713 on 17 th floor, the entire 18 th floor and unit 1901 on the 19 th floor of Royal International Mansion
“Lease Agreement II”	the lease agreement dated 20 December 2023 entered into between Sinochem Fertilizer and Junmao Real Estate in respect of the lease of unit 101A on the B1 floor of Royal International Mansion
“Lease Agreement III”	the lease agreement dated 20 December 2023 entered into by Sinochem Fertilizer and Sinochem Agriculture with Junmao Real Estate, pursuant to which Sinochem Fertilizer agreed to lease from Junmao Real Estate unit 412A on the 4 th floor of Royal International Mansion
“Lease Agreement IV”	the lease agreement dated 20 December 2023 entered into by Sinochem Fertilizer, Syngenta Seeds, CNSG and Sinochem Agriculture with Junmao Real Estate, pursuant to which Sinochem Fertilizer agreed to lease from Junmao Real Estate unit 401 on the 4 th floor of Royal International Mansion
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Properties”	units 401 and 412A on the 4 th floor, units 1712-1713 on the 17 th floor, the entire 18 th floor, unit 1901 on the 19 th floor and unit 101A on the B1 floor of Royal International Mansion
“RMB”	Renminbi, the lawful currency of the PRC
“Royal International Mansion”	Royal International Mansion (佑安國際大廈), an office building located in Building 17, No. 2 Xitieying Middle Road, Fengtai District, Beijing, the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“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 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 Holdings”	中國中化控股有限責任公司 (Sinochem Holdings Corporation Ltd.), a state-owned enterprise incorporated in the PRC, which is wholly owned by the SASAC, and is the ultimate controlling shareholder of the Company

“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 Seeds”	先正達種苗(北京)有限公司 (Syngenta Seeds (Beijing) Co., Ltd.), a limited liability company incorporated in the PRC, and an indirect wholly-owned subsidiary of Syngenta Group
“%”	percent

For and on behalf of the Board
SINOFERT HOLDINGS LIMITED
Liu Hongsheng
Chairman

Hong Kong, 20 December 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Jun and Ms. Wang Ling; the non-executive Director of the Company is Mr. Liu Hongsheng (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.