

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# **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 OFFICE LEASE FRAMEWORK AGREEMENT**

#### **LEASE FRAMEWORK AGREEMENT**

The Board announces that on 28 March 2025, Sinochem Fertilizer (as the lessee), an indirect wholly-owned subsidiary of the Company, entered into the Lease Framework Agreement with Junmao Real Estate (as the lessor). Pursuant to the Lease Framework Agreement, Sinochem Fertilizer (as the lessee) agreed to lease from Junmao Real Estate (as the lessor) the Properties located at Youan International Tower. Sinochem Fertilizer and Junmao Real Estate may (subject to the relevant annual caps) enter into specific agreements regarding the final leased area and rental price per unit, among other specific terms.

#### **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 the Lease Framework Agreement will be recognized as a right-of-use asset. The payment of the property management fees to be made by Sinochem Fertilizer under the Lease Framework Agreement will be recognized as expenses of the Group over the lease term. As such, pursuant to Chapter 14A of the Listing Rules, the leasing of the Properties by Sinochem Fertilizer from Junmao Real Estate under the Lease Framework Agreement constitutes a continuing connected transaction of the Company, and the provision of property management services to the Properties by Junmao Real Estate to Sinochem Fertilizer under the Lease Framework Agreement also constitutes a continuing connected transaction of the Company.

Given that the relevant applicable percentage ratios in respect of the maximum aggregate value of the right-of-use asset to be recognized by the Group under the Lease Framework Agreement is more than 0.1% but less than 5%, the lease transactions contemplated under the Lease Framework Agreement 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 payable by the Group for leasing the Properties under the

Lease Framework Agreement 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 28 March 2025, Sinochem Fertilizer (as the lessee), an indirect wholly-owned subsidiary of the Company entered into the Lease Framework Agreement with Junmao Real Estate (as the lessor).

## PRINCIPAL TERMS OF THE LEASE AGREEMENT

Date:	28 March 2025
Parties:	(1) Sinochem Fertilizer (as the lessee); and  (2) Junmao Real Estate (as the lessor)
Leased Properties and Area:	Certain premises located on the 16th to 19th floor of Youan International Tower, with a total gross floor area of not exceeding 3,500 square metres
Purpose of the Leased Properties:	Office premises
Term:	From 31 March 2025 to 30 June 2026
Rental:	The rental price per unit area shall not exceed RMB8 per square meter per day, and the monthly rental payment shall not exceed RMB851,760 (inclusive of tax), payable by Sinochem Fertilizer to Junmao Real Estate on a quarterly basis. Sinochem Fertilizer shall pay RMB2,555,280 as a lease security deposit to Junmao Real Estate within five business days from the date of execution of the Lease Framework Agreement.
Property Management Fees:	The property management fees of the leased Properties shall not exceed RMB98,000 (inclusive of tax) per month, payable by Sinochem Fertilizer to the property management company designated by Junmao Real Estate on a quarterly basis. Sinochem Fertilizer shall pay RMB294,000 as a property management deposit to Junmao Real Estate within five business days from the date of execution of the Lease Framework Agreement.
Others:	Sinochem Fertilizer and Junmao Real Estate will confirm the final leased area and rental price per unit in accordance with the principles stipulated in the Lease Framework Agreement and enter into a separate specific agreement (the “ <b>Specific Agreement</b> ”), provided that such Specific Agreement shall not contravene the terms of the Lease Framework Agreement. During the lease term, if any adjustments to the Specific Agreement are required and agreed upon by Sinochem Fertilizer and Junmao Real Estate, the parties shall negotiate in good

faith based on the specific circumstances, general commercial practices, and the provisions of the Lease Framework Agreement, ensuring that such adjustments comply with the principles of the Lease Framework Agreement and the relevant laws and regulations applicable to the Group (including but not limited to the relevant provisions of the Listing Rules).

## **HISTORICAL TRANSACTION AMOUNTS**

For the years ended 31 December 2022, 31 December 2023 and 31 December 2024, the maximum aggregate values of the right-of-use assets arising from the Properties leased by Sinochem Fertilizer from Junmao Real Estate were approximately RMB9,611,000, RMB2,827,000 and RMB10,092,000, respectively. For the years ended 31 December 2022, 31 December 2023 and 31 December 2024, Sinochem Fertilizer paid property management fees in respect of the Properties to Junmao Real Estate amounted to approximately RMB1,096,000, RMB1,151,000 and RMB1,150,000, respectively.

## **ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS**

In accordance with HKFRS 16 “Leases”, the payments to be made by Sinochem Fertilizer under the Lease Framework Agreement 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 recognize a right-of-use asset and related lease liability in its consolidated statement of financial position in connection with the Lease Framework Agreement. The estimated value of the right-of-use assets to be recognized is calculated based on the present value of lease payments and estimated restoration costs in accordance with HKFRS 16, using an annual discount rate of 2.6% for the computation. The property management fees will be recognized as expenses in the consolidated statement of profit or loss of the Group.

According to the above basis of calculation, the Company expects the caps for the continuing connected transactions under the Lease Framework Agreement in respect of the total value of right-of-use assets and property management fees to be as follows: for the year ending 31 December 2025, the total value of right-of-use assets related to the Properties leased by Sinochem Fertilizer from Junmao Real Estate is RMB11,572,000, and the annual property management fees payable is RMB1,176,000 (the property management fees have already taken into account the fees payable by Sinochem Fertilizer to Junmao Real Estate under the Original Lease Agreements for the period from 1 January 2025 to 30 March 2025); for the six-month period ending 30 June 2026, the total value of right-of-use assets arising from the Properties leased by Sinochem Fertilizer from Junmao Real Estate is RMB4,629,000, and the annual property management fees payable is RMB588,000.

The above annual caps have been determined by the Board after taking into account the following factors: (i) the historical fee standards under the Original Lease Agreements between Sinochem Fertilizer and Junmao Real Estate; (ii) the stipulated rental cap under the Lease Framework Agreement (being no more than RMB8 per square meter of building area per day); (iii) buffer provisions for potential rental fluctuations; (iv) possible renewal of existing leases and potential additional lease areas; (v) calculation of lease area requirements based on the Group's actual employee headcount over the past two years; and (vi) the relevant terms set out in the 'Pricing Basis' section of this announcement.

## **PRICING BASIS**

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 Youan International Tower. 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.

## **INTERNAL CONTROL MEASURES**

The Company has implemented the following internal control measures to ensure that the terms of the transactions between the Group and Junmao Real Estate regarding the lease of the Properties are fair and reasonable, in compliance with the overall interests of the Company and its shareholders, and conducted within the framework of the Lease Framework Agreement: (i) the Company's relevant department will monitor prevailing rental rates and property management fees for comparable properties in terms of usage, area and location to those leased or to be leased under the Lease Framework Agreement; (ii) regular monitoring of transactions under the Lease Framework Agreement during the lease term; and (iii) ensuring that rental and property management fees are determined on normal commercial terms or better, that such transactions are conducted in accordance with the terms of the Lease Framework Agreement during the lease term and do not exceed the annual caps.

The Company will arrange periodic training for the Directors, senior management and relevant departmental staff of the Group on the rules related to connected transactions under Chapter 14A of the Listing Rules. The internal audit department of the Company will review the status of implementation of the above internal control measures on an annual basis and report the same to the independent non-executive Directors, to ensure such transactions under the Lease Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Company's external auditors will conduct annual reviews of the transactions under the Lease Framework Agreement to confirm, among other matters, (i) whether such transactions have been conducted in accordance with the terms of the Lease Framework Agreement and (ii) whether the annual caps have been exceeded.

## **REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS**

As certain office spaces of the Properties have long been used by Sinochem Fertilizer, the entering into of the Lease Framework Agreement would allow Sinochem Fertilizer to continue to use the office spaces previously leased by it, 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 the Lease Framework Agreement 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 the Lease Framework Agreement are fair and reasonable. None of the Directors is regarded as having a material interest in the transactions contemplated under the Lease Framework Agreement, and hence none of the Directors has abstained from voting on the Board resolution to approve the transactions contemplated under the Lease Framework Agreement.

## **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 Framework Agreement***

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 Youan International Tower. 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.

## **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 the Lease Framework Agreement will be recognized as a right-of-use asset. The payment of the property management fees to be made by Sinochem Fertilizer under the Lease Framework Agreement will be recognized as expenses of the Group over the lease term. As such, pursuant to Chapter 14A of the Listing Rules, the leasing of the Properties by Sinochem Fertilizer from Junmao Real Estate under the Lease Framework Agreement constitutes a continuing connected transaction of the Company, and the provision of property management services to the Properties by Junmao Real Estate to Sinochem Fertilizer under the Lease Framework Agreement also constitutes a continuing connected transaction of the Company.

Given that the relevant applicable percentage ratios in respect of the maximum aggregate value of the right-of-use asset to be recognized by the Group under the Lease Framework Agreement is more than 0.1% but less than 5%, the lease transactions contemplated under the Lease Framework Agreement 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 payable by the Group for leasing the Properties under the Lease Framework Agreement 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
“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 Accountant
“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, is an indirect non-wholly owned subsidiary of Sinochem Holdings and the operator of Youan International Tower
“Lease Framework Agreement”	the lease framework agreement dated 28 March 2025 entered into between Sinochem Fertilizer and Junmao Real Estate in respect of the lease of certain premises located on the 16th to 19th floor of Youan International Tower, with a total gross floor area of not exceeding 3,500 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original Lease Agreements”	the lease agreement dated 31 December 2021 entered into between Sinochem Fertilizer and Junmao Real Estate in respect of the lease of units 1601-1613 on 16th floor of Youan International Tower, and 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 17th floor, the entire 18th floor

and unit 1901 on the 19th floor of Youan International Tower

“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”	Certain premises located on the 16th to 19th floor of Youan International Tower, with a total gross floor area of not exceeding 3,500 square metres
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“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
“Youan International Tower”	Youan International Tower (佑安國際大廈), an office building located in Building 17, No. 2 Xitieying Middle Road, Fengtai District, Beijing, the PRC
“%”	percent

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

Hong Kong, 28 March 2025

*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 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.*