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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 INFORMATION SYSTEM SERVICES AGREEMENT

The Board wishes to announce that on 13 July 2023, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, entered into the Information System Services Agreement with Sinochem Information, pursuant to which Sinochem Information agreed to provide information system services to Sinochem Fertilizer, including system operation and maintenance services, genuine software procurement services and system improvement services, during the period from 1 January 2023 to 31 December 2023 (both days inclusive).

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate 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 Information, an indirect wholly-owned subsidiary of Sinochem Holdings, is also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Information System Services Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual cap for continuing connected transactions contemplated under the Information System Services 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

The Board wishes to announce that on 13 July 2023, Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, entered into the Information System Services Agreement with Sinochem Information, pursuant to which Sinochem Information agreed to provide information system services to Sinochem Fertilizer, including system operation and maintenance services, genuine software procurement services and system improvement services, during the period from 1 January 2023 to 31 December 2023 (both days inclusive).

PRINCIPAL TERMS OF THE INFORMATION SYSTEM SERVICES AGREEMENT

Date

13 July 2023

Parties

- (a) Sinochem Fertilizer
- (b) Sinochem Information

Scope of services and pricing

Pursuant to the Information System Services Agreement, Sinochem Information agreed to provide information system services to Sinochem Fertilizer, including (i) system operation and maintenance services, (ii) genuine software procurement services and (iii) system improvement services.

The system operation and maintenance services involve the operation and maintenance services for a total of 18 systems, such as general office, desktop, master data, email and video conferencing systems. Based on its assessment on the scope, duration and frequency of services for each system, Sinochem Fertilizer agreed to pay an annual fixed service fee of RMB5,063,075 in respect of the system operation and maintenance services provided by Sinochem Information. Sinochem Fertilizer shall pay 50% of the fixed service fee to Sinochem Information by 31 July 2023 and 31 December 2023, respectively.

The genuine software procurement services involve the procurement of 1,538 Microsoft software products at a unit price of RMB700 per annum, totaling RMB1,076,600. Sinochem Fertilizer shall pay the fee for the genuine software procurement services in a lump sum to Sinochem Information by 31 July 2023.

The system improvement services refer to the services provided by Sinochem Information to Sinochem Fertilizer in connection with the improvement of functions of Sinochem Fertilizer's information systems and the maintenance of its network and information security according to the needs of Sinochem Fertilizer. The fee for the system improvement services will be charged based on the amount of work done by Sinochem Information and at the standard rate of RMB2,500 per person per day. Sinochem Fertilizer shall pay the fee for the system improvement services to Sinochem Information every quarter based on the breakdown of the work done as provided by Sinochem Information.

The fees for the services described above are determined after taking into account the estimated scope, duration and frequency of the services, budgeted costs of the relevant services, and the fees as may be charged in the market for comparable services.

Term

The service period under the Information System Services Agreement is from 1 January 2023 to 31 December 2023 (both days inclusive).

ANNUAL CAP

Among the services provided by Sinochem Information to Sinochem Fertilizer under the Information System Services Agreement, the system operation and maintenance services and the genuine software procurement services will be charged based on the annual fixed service fees specified under the Information System Services Agreement, while the system improvement services will be charged based on the amount of work done by Sinochem Information and at the standard rate prescribed in the Information System Services Agreement. As such, after taking into account the annual fixed service fees for the system operation and maintenance services and the genuine software procurement services, as well as the estimated demand of Sinochem Fertilizer for the system improvement services, the annual cap in respect of the fees payable by Sinochem Fertilizer to Sinochem Information under

the Information System Services Agreement for the year ending 31 December 2023 will be RMB7,500,000.

The historical amounts of the fees paid by Sinochem Fertilizer to Sinochem Information for information system services for the two years ended 31 December 2022 were approximately RMB4,360,000 and RMB4,755,000, respectively. For the six months ended 30 June 2023, the fees incurred for the information system services provided by Sinochem Information to Sinochem Fertilizer amounted to approximately RMB3,608,000, which will be payable by Sinochem Fertilizer to Sinochem Information by 31 July 2023 in accordance with the terms of the Information System Services Agreement.

The amounts of the fees paid or payable by Sinochem Fertilizer to Sinochem Information for information system services for the two years ended 31 December 2022 and the six months ended 30 June 2023 are all below the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Sinochem Fertilizer has the demand for a variety of services in relation to information systems in its ordinary course of business. The entering into of the Information System Services Agreement with Sinochem Information will facilitate Sinochem Fertilizer to acquire stable and efficient information system services at a reasonable cost, thereby enhancing efficiency in its day-to-day operations and reducing its management costs.

The Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions contemplated under the Information System Services 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 cap for the continuing connected transactions contemplated under the Information System Services Agreement is fair and reasonable.

None of the Directors is regarded as having a material interest in the Information System Services Agreement and the transactions contemplated thereunder, and hence none of the Directors has abstained from voting on the Board resolution to approve the Information System Services Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate 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 Information, an indirect wholly-owned subsidiary of Sinochem Holdings, is also a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Information System Services Agreement constitute continuing connected transactions of the Company. Given that the relevant applicable percentage ratios in respect of the annual cap for continuing connected transactions contemplated under the Information System Services 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, 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, export, distribution, wholesale and retail of fertilizer raw materials and products, as well as research and development and services in the field of fertilizer-related business and products.

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 State-owned Assets Supervision and Administration Commission of the State Council.

Sinochem Information, an indirect wholly-owned subsidiary of Sinochem Holdings, has created a service value chain covering the aspects from consulting services and design to research and development, delivery, and operation and maintenance by leveraging the digital transformation and practice of Sinochem Holdings, with the commitment to promoting the deep integration of digital technology with industry to lead the chemical industry towards intelligent development.

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
“Information System Services Agreement”	the system operation and maintenance services agreement for the year of 2023 entered into between Sinochem Fertilizer and Sinochem Information on 13 July 2023
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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, and the ultimate controlling shareholder of the Company
“Sinochem Information”	中化信息技術有限公司 (Sinochem Information Technology Co., Ltd.), a limited liability company incorporated in the PRC, and an indirect wholly-owned subsidiary of Sinochem Holdings
“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
MA Yue
Executive Director and Chief Executive Officer

Hong Kong, 13 July 2023

As at the date of this announcement, the executive directors of the Company are Mr. Ma Yue (Chief Executive Officer), 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.