# 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
## LEASE FRAMEWORK AGREEMENT

**LEASE FRAMEWORK AGREEMENT**

The Board announces that on 30 June 2026, 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 caps for each period) enter into individual 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 an associate of Sinochem Holdings and 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 recognised as a right-of-use asset and/or rental expenses. 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 will constitute continuing connected transactions of the Company.

Given that the highest applicable percentage ratio in respect of the highest of the caps for the aggregate value of the right-of-use assets to be recognised and/or rental expenses to be paid by the Group under the Lease Framework Agreement for each year/period is more than 0.1% but less than 5%, the leasing of the Properties and the payment of rentals under the Lease Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## BACKGROUND

The Board announces that on 30 June 2026, 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 FRAMEWORK AGREEMENT

| | |
|---|---|
| Date: | 30 June 2026 |
| Parties: | (1) Sinochem Fertilizer (as the lessee); and<br>(2) Junmao Real Estate (as the lessor) |
| Leased Properties and Area: | Two office standard floors (entire floors), four warehouse floors and the B1 canteen of Youan International Tower, with a total gross floor area of not exceeding 6,368.39 square metres |
| Purpose: | Office and commercial use |
| Term: | From 1 July 2026 to 30 June 2029 |
| Rental: | (i) the rental price per unit area for office space shall not exceed RMB7.20 per square metre per day, with monthly rental not exceeding RMB1,217,265.30 (inclusive of tax); (ii) the rental price per unit area for warehouse space shall not exceed RMB5.50 per square metre per day, with monthly rental not exceeding RMB90,922.55 (inclusive of tax); and (iii) the rental price per unit area for the canteen shall not exceed RMB4.40 per square metre per day, with monthly rental not exceeding RMB35,773.97 (inclusive of tax), payable by Sinochem Fertilizer to Junmao Real Estate on a quarterly basis. Sinochem Fertilizer shall pay RMB4,031,886.66 as a lease security 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 individual specific agreements (the "**Specific Agreement**"), provided that such Specific Agreements 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 separately 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

The table below sets out the approximate historical transaction amounts for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 in respect of the lease of relevant properties at Youan International Tower by Sinochem Fertilizer from Junmao Real Estate:

| | Year ended 31 December 2023 | Year ended 31 December 2024 | Year ended 31 December 2025 |
|---|---|---|---|
| | | *(In RMB yuan)* | |
| **Rental expenses paid for the year/total value of right-of-use assets arising from the relevant properties leased from Junmao Real Estate for the year** | 8,869,127.19 | 12,225,895.96 | 11,786,545.37 |

*Notes:*

1. The historical transaction amounts for leases where Sinochem Fertilizer acted as lessee set out in the table above include: (i) in respect of relevant properties leased from Junmao Real Estate for a term of one year or less, the rental expenses paid by Sinochem Fertilizer for the relevant year; and (ii) in respect of relevant properties leased from Junmao Real Estate for a term of more than one year, the total value of right-of-use assets arising from the relevant properties leased from Junmao Real Estate for that year.

2. The "relevant properties" refers to the relevant properties at Youan International Tower leased by Sinochem Fertilizer from Junmao Real Estate during the relevant years, including the properties under the Original Lease Agreements and/or the Properties (as applicable).

## ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS

In accordance with HKFRS 16 "Leases", the rentals to be paid by Sinochem Fertilizer under the Lease Framework Agreement will be subject to different accounting treatments depending on the lease term of the relevant Specific Contract. For Specific Agreements with a lease term of more than one year, the Group will recognise a right-of-use asset and related lease liability in its consolidated statement of financial position on the commencement date of the relevant lease in connection with the Lease Framework Agreement. The estimated value of the right-of-use assets to be recognised 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. For short-term leases with a lease term of one year or less (if any), the relevant rentals will be recognised as expenses of the Group over the lease term. The property management fees will be recognised as expenses in the consolidated income statement of the Group.

Based on the above calculation, the Company expects the caps for rental expenses/total value of right-of-use assets for the continuing connected transactions under the Lease Framework Agreement to be as set out in the table below:

| | Year ending 31 December 2026 | Year ending 31 December 2027 | Year ending 31 December 2028 | Six months ending 30 June 2029 |
|---|---|---|---|---|
| | | *(In RMB yuan)* | | |
| **Cap for rental expenses to be paid for the year/period/total value of right-of-use assets arising from the Properties to be leased from Junmao Real Estate for the year/period** | 42,948,000 | 35,790,000 | 21,474,000 | 7,158,000 |

*Note:*

1. The relevant caps for leases of the Group as lessee set out in the table above include: (i) in respect of the Properties leased from Junmao Real Estate for a term of one year or less, the rental expenses expected to be paid by the Group for the year/period; and (ii) in respect of the Properties leased from Junmao Real Estate for a term of more than one year, the total value of right-of-use assets expected to arise from the Properties to be leased from Junmao Real Estate for the year/period. In respect of leases for which right-of-use assets have been recognised in previous years, subsequent years' rental payments will not be included again in such caps unless there is a lease modification or remeasurement requiring recognition of additional right-of-use assets.

The above caps for each period have been determined by the Board after taking into account the following factors: (i) the historical transaction amounts, leased areas, rental price per unit and lease terms 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 RMB7.20 per building square metre per day); (iii) the total gross floor area cap of the Properties under the Lease Framework Agreement, being not more than 6,368.39 square metres, which represents an increase of approximately 82.0% compared with the leased area of not more than 3,500 square metres under the Original Lease Agreements, and covers spaces for different uses including office, warehouse and canteen; correspondingly, based on the area cap of the Properties and the rental price per unit caps for different uses stipulated under the Lease Framework Agreement, the aggregate monthly rental cap is not more than RMB1,343,961.82, representing an increase of approximately 57.8% compared with the monthly rental cap of RMB851,760 under the Original Lease Agreements; (iv) the lease term under the Lease Framework Agreement is expected to be from 1 July 2026 to 30 June 2029, and under HKFRS 16, for leases with a lease term of more than one year, the Group will recognise right-of-use assets based on the present value of lease payments and estimated restoration costs, and therefore the relevant cap for the total value of right-of-use assets does not merely reflect the cash rental expenditure for the relevant year/period; (v) the Group's assessment of its leased area requirements based on the actual number of employees, the use of office and ancillary spaces and future business operation needs over the past two years; (vi) a reasonable buffer for potential recognition or remeasurement of right-of-use assets arising from changes in the final leased area, lease commencement date, lease term, estimated restoration costs and related accounting estimates; and (vii) the relevant terms set out in the 'Pricing Basis' section of this announcement.

## PRICING BASIS

The rentals 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, the Group has made reference to historical transaction amounts, the prevailing rental prices of comparable properties in the surrounding areas and the rates charged by Junmao Real Estate to other tenants of Youan International Tower. The rentals 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(s) will monitor the prevailing rental rates 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 rentals 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 that the caps for each period are not exceeded.

The Company will arrange training from time to time for Directors, senior management of the Group and relevant departmental staff on the continuing connected transaction rules under Chapter 14A of the Listing Rules. The Company's internal audit department will conduct annual reviews of the implementation of the above internal control measures and report to the independent non-executive Directors to ensure that the 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 transactions under the Lease Framework Agreement to verify, 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.

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 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 PRC, 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, exploitation and exploration of phosphate mines, 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 under 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 consulting. 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 an associate of Sinochem Holdings and 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 recognised as a right-of-use asset and/or rental expenses. 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 will constitute continuing connected transactions of the Company.

Given that the highest applicable percentage ratio in respect of the highest of the caps for the aggregate value of the right-of-use assets to be recognised and/or rental expenses to be paid by the Group under the Lease Framework Agreement for each year/period is more than 0.1% but less than 5%, the leasing of the Properties and the payment of rentals under the Lease Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**DEFINITIONS**

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

| | |
|---|---|
| "associate" | has the same meaning ascribed to it under the Listing Rules |
| "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 |
| "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, which 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 30 June 2026 entered into between Sinochem Fertilizer and Junmao Real Estate in respect of the lease of two office standard floors (entire floors), four warehouse floors and the B1 canteen of Youan International Tower |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "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 the 16th floor of Youan International Tower, 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 the 17th floor, the entire 18th floor and unit 1901 on the 19th floor of Youan International Tower, and 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 on the 16th to 19th floors 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" | two office standard floors (entire floors), four warehouse floors and the B1 canteen of Youan International Tower, with a total gross floor area of not exceeding 6,368.39 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**
**Zhang Xuegong**
*Chairman of the Board*

Hong Kong, 30 June 2026

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Xuegong (Chairman), Mr. Wang Tielin (Chief Executive Officer), Ms. Chen Shengnan and Ms. Wang Ling; the non-executive director of the Company is Ms. Zhang Guangyan; and the independent non-executive directors of the Company are Mr. Ko Ming Tung, Edward, Mr. Lu Xin and Mr. Sun Po Yuen.*