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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**

Reference is made to the announcement of the Company dated 13 July 2023 in relation to the system operation and maintenance services agreement for the year of 2023 entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Information. Such agreement expired on 31 December 2023. On 13 June 2024, Sinochem Fertilizer entered into the Information System Services Agreement with Sinochem Information, pursuant to which Sinochem Information will continue to provide information system services to Sinochem Fertilizer, including system operation and maintenance services, software licensing services, software procurement services and system improvement services, for the period up to 31 December 2024.

#### **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**

Reference is made to the announcement of the Company dated 13 July 2023 in relation to the system operation and maintenance services agreement for the year of 2023 entered into between Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, and Sinochem Information. Such agreement expired on 31 December 2023.

On 13 June 2024, Sinochem Fertilizer entered into the Information System Services Agreement with Sinochem Information, pursuant to which Sinochem Information will continue to provide information system services to Sinochem Fertilizer, including system operation and maintenance services, software licensing services, software procurement services and system improvement services, for the period up to 31 December 2024.

## **PRINCIPAL TERMS OF THE INFORMATION SYSTEM SERVICES AGREEMENT**

### ***Date***

13 June 2024

### ***Parties***

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

### ***Scope of services and pricing***

Pursuant to the Information System Services Agreement, Sinochem Information will continue to provide information system services to Sinochem Fertilizer, including (i) system operation and maintenance services, (ii) software licensing services, (iii) software procurement services and (iv) system improvement services. The details of the scope of services and the pricing thereof are set out below:

- (i) The system operation and maintenance services involve the operation and maintenance services for a total of 24 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 a fixed service fee of RMB7,154,897.81 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 2024 and 31 December 2024, respectively.
- (ii) The software licensing services involve the licensing of 1,308 Microsoft software products and 1,308 Kingsoft software products for a total license fee of RMB1,327,620. Sinochem Fertilizer shall pay the fee for the software licensing services in a lump sum to Sinochem Information by 31 July 2024.
- (iii) The software procurement services involve the professional office software such as server operating system software and database software which Sinochem Fertilizer may procure from Sinochem Information based on its business needs. The unit price of each software product is set out in the Information System Services Agreement.
- (iv) 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 2024 to 31 December 2024 (both days inclusive).

### **ANNUAL CAP AND HISTORICAL TRANSACTION AMOUNT**

After taking into account the fixed service fees for the system operation and maintenance services and the software licensing services, the fee rates for the software procurement services and the system improvement services, the quantity and type of software products that may be procured by Sinochem Fertilizer, and 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 2024 will be RMB10,000,000.

The historical amounts of the fees paid by Sinochem Fertilizer to Sinochem Information for information system services for the two years ended 31 December 2023 were approximately RMB4,755,000 and RMB5,020,000, respectively. From 1 January 2024 up to the date of this announcement, no fees have been paid or payable by Sinochem Fertilizer to Sinochem Information in respect of the information system services provided by Sinochem Information to Sinochem Fertilizer.

### **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.

As at the date of the board meeting at which the Information System Services Agreement and the transactions contemplated thereunder were considered and approved, 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, an indirect wholly-owned subsidiary of the Company, is principally 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.

Sinochem Holdings is the ultimate controlling shareholder of the Company. It 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 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 2024 entered into between Sinochem Fertilizer and Sinochem Information on 13 June 2024
“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**  
**Su Fu**  
*Chairman*

Hong Kong, 13 June 2024

*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.*