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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 DISCLOSEABLE TRANSACTION PROVISION OF GUARANTEE**

Reference is made to the announcement of the Company dated 9 December 2022 in relation to the guarantee provided by Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, to Sinochem Finance, for the due performance of the repayment obligations of Yangmei Pingyuan to Sinochem Finance under the Original Loan Contract.

On 7 June 2023, Yangmei Pingyuan and BOB Jinan Branch entered into a total of ten New Loan Contracts, pursuant to which BOB Jinan Branch agreed to provide the Loans in a total principal amount of RMB470,087,200 to Yangmei Pingyuan, which will be used to repay the loan provided to Yangmei Pingyuan under the Original Loan Contract. In view of the execution of the New Loan Contracts, Sinochem Fertilizer and BOB Jinan Branch entered into a total of ten Pledge Contracts on 7 June 2023, pursuant to which Sinochem Fertilizer agreed to pledge its cash deposits in a total amount of RMB478,695,900 in favour of BOB Jinan Branch to guarantee the due performance of the repayment obligations of Yangmei Pingyuan to BOB Jinan Branch under the New Loan Contracts. On the same day, Sinochem Fertilizer and Yangmei Pingyuan entered into the Guarantee Fee Agreement, pursuant to which Yangmei Pingyuan agreed to pay to Sinochem Fertilizer a guarantee fee with respect to the Guarantee every quarter at a rate of 2.5% per year of the guarantee amount under the Pledge Contracts.

Given that one or more of the applicable percentage ratios in respect of the provision of the Guarantee are more than 5% but less than 25%, the provision of the Guarantee constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 9 December 2022 in relation to the guarantee provided by Sinochem Fertilizer, an indirect wholly-owned subsidiary of the Company, to Sinochem Finance, for the due performance of the repayment obligations of Yangmei Pingyuan to Sinochem Finance under the Original Loan Contract.

On 7 June 2023, Yangmei Pingyuan and BOB Jinan Branch entered into a total of ten New Loan Contracts, pursuant to which BOB Jinan Branch agreed to provide the Loans in a total principal amount of RMB470,087,200 to Yangmei Pingyuan, which will be used to repay the loan provided to Yangmei Pingyuan under the Original Loan Contract. In view of the execution of the New Loan Contracts, Sinochem Fertilizer and BOB Jinan Branch entered into a total of ten Pledge Contracts on 7 June 2023, pursuant to which Sinochem Fertilizer agreed to pledge its cash deposits in a total amount of

RMB478,695,900 in favour of BOB Jinan Branch to guarantee the due performance of the repayment obligations of Yangmei Pingyuan to BOB Jinan Branch under the New Loan Contracts. On the same day, Sinochem Fertilizer and Yangmei Pingyuan entered into the Guarantee Fee Agreement, pursuant to which Yangmei Pingyuan agreed to pay to Sinochem Fertilizer a guarantee fee with respect to the Guarantee every quarter at a rate of 2.5% per year of the guarantee amount under the Pledge Contracts.

## PRINCIPAL TERMS OF THE PLEDGE CONTRACTS

- Date** : 7 June 2023
- Parties** : (a) Sinochem Fertilizer (as the pledgor); and  
(b) BOB Jinan Branch (as the pledgee)
- Total amount of Guarantee** : Sinochem Fertilizer agreed to pledge its cash deposits in a total amount of RMB478,695,900 in favour of BOB Jinan Branch to guarantee the due performance of the repayment obligations of Yangmei Pingyuan to BOB Jinan Branch under the New Loan Contracts, including but not limited to the principal amount of the Loans under the New Loan Contracts, together with any interests, default interests, compensations, liquidated damages and any other expenses incurred by BOB Jinan Branch for the realization of its claims.
- Details of each pledge** : Sinochem Fertilizer and BOB Jinan Branch entered into a total of ten Pledge Contracts with each Pledge Contract corresponding to a Loan Contract. Details of each of the pledges are set out below:

No.	Loan Amount (RMB)	Amount of Deposits Pledged (RMB)	Loan Period / Pledge Period
1	23,064,300	23,241,100	From 8 June 2023 to 8 September 2023
2	45,662,500	46,191,500	From 8 June 2023 to 25 October 2023
3	45,938,600	46,482,200	From 8 June 2023 to 28 October 2023
4	33,221,600	33,695,000	From 8 June 2023 to 26 November 2023
5	22,880,700	23,241,100	From 8 June 2023 to 14 December 2023
6	89,674,500	91,221,300	From 8 June 2023 to 1 January 2024
7	44,164,900	44,963,500	From 8 June 2023 to 11 January 2024
8	85,312,800	87,154,200	From 8 June 2023 to 22 February 2024
9	56,465,300	58,102,800	From 8 June 2023 to 21 May 2024
10	23,702,000	24,403,200	From 8 June 2023 to 28 May 2024
Total	470,087,200	478,695,900	

## **PRINCIPAL TERMS OF THE GUARANTEE FEE AGREEMENT**

- Date** : 7 June 2023
- Parties** : (a) Sinochem Fertilizer (as the guarantor); and  
(b) Yangmei Pingyuan (as the guaranteed party)
- Guarantee fee** : Yangmei Pingyuan agreed to pay to Sinochem Fertilizer a guarantee fee with respect to the Guarantee every quarter at a rate of 2.5% per year of the guarantee amount under the Pledge Contracts. Such guarantee fee is in line with the fee rates charged by guarantee companies in the market for providing similar services.
- Other provision** : If Yangmei Pingyuan fails to repay the principal of the Loans or any interests accrued thereon pursuant to the New Loan Contracts, and BOB Jinan Branch therefore exercises its pledge rights over the cash deposits pursuant to the Pledge Contracts, then Sinochem Fertilizer shall have the right to withhold any amounts payable to Yangmei Pingyuan for its purchase of products from Yangmei Pingyuan, or request Yangmei Pingyuan to deliver its products to Sinochem Fertilizer, so as to set off against the principal of the Loans or any interests accrued thereon as may be repaid by Sinochem Fertilizer for Yangmei Pingyuan.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE**

Yangmei Pingyuan is a supplier of Sinochem Fertilizer for nitrogen fertilizer products and also an associate of Sinochem Fertilizer. Sinochem Fertilizer is the second largest shareholder of Yangmei Pingyuan, holding its 36.75% equity interest. Yangmei Chemical and Sinochem Fertilizer (as the largest and the second largest shareholders of Yangmei Pingyuan, respectively) have been providing financial supports to Yangmei Pingyuan in accordance with the Capital Increase Agreement entered into by them with Yangmei Pingyuan (for details, please refer to the announcements of the Company dated 25 October 2012, 31 October 2012 and 11 December 2012). In order to continue to perform its obligations under the Capital Increase Agreement to provide financial supports to Yangmei Pingyuan, Sinochem Fertilizer agreed to provide the Guarantee with respect to the Loans sought by Yangmei Pingyuan from BOB Jinan Branch. The amount of the Guarantee provided by Sinochem Fertilizer is proportional to the shareholding ratio of Sinochem Fertilizer in Yangmei Pingyuan, and the due date of each Loan (being the due date of each pledge) is consistent with that of the loans or guarantees provided by Yangmei Chemical to Yangmei Pingyuan.

The provision of the Guarantee will enable Yangmei Pingyuan to obtain sufficient funds for the furtherance of its business development and the enhancement of its overall competitiveness, thus facilitating the Group to have a constant supply of quality nitrogen fertilizers and increasing its investment income. Currently, the Group has sufficient funds, and the provision of the Guarantee by way of creating pledges over cash deposits will not have any material impact on the day-to-day business operations of the Group and at the same time can generate stable deposit income for the Group.

The Directors (including the independent non-executive Directors) are of the view that the provision of the Guarantee is entered into by the Group in its ordinary and usual course of business, on normal commercial terms, is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## IMPLICATIONS OF THE LISTING RULES

Given that one or more of the applicable percentage ratios in respect of the provision of the Guarantee are more than 5% but less than 25%, the provision of the Guarantee constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## GENERAL INFORMATION

The Company is principally engaged in the production, procurement and sale of fertilizers and related products in the PRC. The main business comprises research and development, production, procurement, distribution and agricultural services of fertilizers and forms a vertically integrated business model combining upstream and downstream businesses.

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, and the provision of technological research and development and services relating to the crop nutrition business and products.

Yangmei Pingyuan is principally engaged in the production and sale of urea, methanol, ammonium acid carbonate and melamine, etc. Yangmei Pingyuan is owned as to 51%, 36.75% and 12.25% by Yangmei Chemical, Sinochem Fertilizer and Pingyuan Juyuan, respectively. Yangmei Chemical is a company listed on the Shanghai Stock Exchange with stock code: 600691. Pingyuan Juyuan is ultimately owned by the State-owned Assets Supervision and Administration Bureau of Pingyuan County. Other than 36.75% of its equity interest which is held by Sinochem Fertilizer, Yangmei Pingyuan and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

BOB Jinan Branch is one of the branches of BOB. Established in 1996 with its headquarters in Beijing, BOB is an urban commercial bank in the PRC with the largest asset scale. The business scope of BOB include corporate banking services, personal banking services, capital services and other financial services. Shares of BOB are listed on the Shanghai Stock Exchange (stock code: 601169). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BOB and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## 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
“BOB”	北京銀行股份有限公司 (Bank of Beijing Co., Ltd.), a joint stock limited liability company incorporated in PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601169)
“BOB Jinan Branch”	Bank of Beijing Co., Ltd., Jinan Branch, one of the branches of BOB
“Capital Increase Agreement”	the capital increase agreement dated 24 October 2012 entered into between Yangmei Pingyuan and its shareholders (including Sinochem Fertilizer and Yangmei Chemical)
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee provided by Sinochem Fertilizer pursuant to the Pledge Contracts
“Guarantee Fee Agreement”	the guarantee fee agreement dated 7 June 2023 entered into between Sinochem Fertilizer and Yangmei Pingyuan
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	the loans in a total principal amount of RMB470,087,200 provided by BOB Jinan Branch to Yangmei Pingyuan pursuant to the New Loan Contracts
“New Loan Contracts”	a total of ten loan contracts dated 7 June 2023 entered into between BOB Jinan Branch (as the lender) and Yangmei Pingyuan (as the borrower)
“Original Loan Contract”	the loan contract for working capital dated 9 December 2022 entered into between Sinochem Finance (as the lender) and Yangmei Pingyuan (as the borrower)
“Pingyuan Juyuan”	平原縣聚源國有資產經營有限公司 (Pingyuan Juyuan State-owned Assets Operation Co., Ltd.), a limited liability company incorporated in the PRC and a shareholder of Yangmei Pingyuan
“Pledge Contracts”	a total of ten pledge contracts dated 7 June 2023 entered into between Sinochem Fertilizer (as the pledgor) and BOB Jinan Branch (as the pledgee)
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administrative 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 Finance”	中化集團財務有限責任公司 (Sinochem Group Finance Co., Ltd.), a limited liability company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Yangmei Chemical”	陽煤化工股份有限公司 (Yangmei Chemical Co., Ltd.), a limited liability company incorporated in the PRC and the largest shareholder of Yangmei Pingyuan
“Yangmei Pingyuan”	陽煤平原化工有限公司 (Yangmei Pingyuan Chemical Company Limited), a limited liability company incorporated in the PRC, which is owned as to 51%, 36.75% and 12.25% by Yangmei Chemical, Sinochem Fertilizer and Pingyuan Juyuan, respectively
“%”	percent

For and on behalf of the Board  
**SINOFERT HOLDINGS LIMITED**  
**Ma Yue**  
*Executive Director and Chief Executive Officer*

Hong Kong, 7 June 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.*