

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 CONNECTED TRANSACTION ENTERING INTO A SYNDICATED LOAN AGREEMENT

The Board announces that on 26 April 2023, Sinochem Fuling (as the borrower), an indirect non-wholly owned subsidiary of the Company, entered into the Syndicated Loan Agreement with CCB Fuling Branch (as the lead arranger, agent and one of the lenders) and Sinochem Finance (as one of the lenders), pursuant to which CCB Fuling Branch and Sinochem Finance agreed to provide the Syndicated Loan in a total principal amount of up to RMB1,489,000,000 to Sinochem Fuling on a several (but not joint) basis. The maximum commitment of Sinochem Finance under the Syndicated Loan is RMB282,910,000.

As a security for its repayment obligation under the Syndicated Loan Agreement, Sinochem Fuling will enter into the Pledge Contract with CCB Fuling Branch (as the agent), pursuant to which Sinochem Fuling will pledge its land use right of the Land and any fixtures attached thereto to CCB Fuling Branch and Sinochem Finance.

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is directly and indirectly owned as to an aggregate of approximately 98% by Sinochem Holdings, Sinochem Finance is also a connected person of the Company. The provision of the secured loan to Sinochem Fuling by Sinochem Finance under the Syndicated Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the maximum commitment of Sinochem Finance under the Syndicated Loan are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that on 26 April 2023, Sinochem Fuling (as the borrower), an indirect non-wholly owned subsidiary of the Company, entered into the Syndicated Loan Agreement with CCB Fuling Branch (as the lead arranger, agent and one of the lenders) and Sinochem Finance (as one of the lenders), pursuant to which CCB Fuling Branch and Sinochem Finance agreed to provide the Syndicated Loan in a total principal amount of up to RMB1,489,000,000 to Sinochem Fuling on a several (but not joint) basis. The maximum commitment of Sinochem Finance under the Syndicated Loan is RMB282,910,000.

As a security for its repayment obligation under the Syndicated Loan Agreement, Sinochem Fuling will enter into the Pledge Contract with CCB Fuling Branch (as the agent), pursuant to which Sinochem Fuling will pledge its land use right of the Land and any fixtures attached thereto to CCB Fuling Branch and Sinochem Finance.

PRINCIPAL TERMS OF THE SYNDICATED LOAN AGREEMENT

- Parties** : (a) CCB Fuling Branch (as the lead arranger, agent and one of the lenders);
(b) Sinochem Finance (as one of the lenders); and
(c) Sinochem Fuling (as the borrower)
- Total principal amount** : The total principal amount under the Syndicated Loan shall be no more than RMB1,489,000,000, of which the maximum commitment of CCB Fuling Branch under the Syndicated Loan shall be RMB1,206,090,000, and the maximum commitment of Sinochem Finance under the Syndicated Loan shall be RMB282,910,000. The obligations of CCB Fuling Branch and Sinochem Finance under the Syndicated Loan Agreement shall be performed on a several (but not joint) basis. Sinochem Fuling may make a single or multiple drawdown(s) of funds within the total principal amount of the Syndicated Loan.
- Interest rate** : The interest rate for each fund under the Syndicated Loan shall be determined based on the latest loan prime rate (the “**LPR**”) for loans with a term of five years or more as published by the National Interbank Funding Center on the business day immediately preceding the actual drawdown date of such fund, less 95 basis points, and shall be adjusted every twelve months by reference to the latest LPR.
- Term** : The Syndicated Loan shall have a term of no more than 72 months, commencing from the first drawdown date of the funds.
- Repayment** : Sinochem Fuling shall repay each fund on the due date of such fund as specified under the Syndicated Loan Agreement, and shall pay any interests accrued on such fund on a quarterly basis. Sinochem Fuling may make early repayment of all or part of the Syndicated Loan and any interests accrued thereon prior to the due date(s) for repayment by serving a prior written notice of 30 business days to CCB Fuling Branch (as the agent) and subject to the consent from CCB Fuling Branch and Sinochem Finance.
- Purpose** : Sinochem Fuling shall apply all funds borrowed under the Syndicated Loan for the construction of the Project and the replacement of the loan previously provided by Industrial Bank Co., Ltd., Chongqing Branch, for the Project (the “**Previous Loan**”). The Project is built by Sinochem Fuling on the Land for the production of 200,000 tonnes of fine phosphates and ancillary novel special fertilizers per annum.

SECURITY

As a security for its repayment obligation under the Syndicated Loan Agreement, Sinochem Fuling will enter into the Pledge Contract with CCB Fuling Branch (as the agent) within 15 business days after the execution of the Syndicated Loan Agreement or prior to the first drawdown date of the funds under the Syndicated Loan, pursuant to which Sinochem Fuling will pledge its land use right of the Land and any fixtures attached thereto to CCB Fuling Branch and Sinochem Finance.

The Land is an industrial land located in Shaolou Village, Fuling District, Chongqing, the PRC, with a site area of 453,016 square meters. The appraised value of the Land and any fixtures attached thereto as at 22 March 2023 as prepared by an independent valuer amounted to RMB405,468,000. The obligation of Sinochem Fuling under the Pledge Contract shall be subject to a maximum amount of RMB405,468,000, which is equivalent to the appraised value of the Land and any fixtures attached thereto.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Sinochem Fuling shall apply all funds borrowed under the Syndicated Loan for the construction of the Project and the replacement of the Previous Loan. The Previous Loan, which has a total principal amount of RMB1,489,000,000, was granted by Industrial Bank Co., Ltd., Chongqing Branch, to Sinochem Fuling in November 2022. The land use right of the Land and any fixtures attached thereto were also pledged by Sinochem Fuling as a security for its repayment of the Previous Loan, but the interest rate of Previous Loan is 55 basis points higher than that of the Syndicated Loan. By entering into the Syndicated Loan Agreement, Sinochem Fuling may save up to approximately RMB8.19 million in finance cost each year under similar loan terms, and at the same time ensure that its construction of the Project proceeds in an orderly manner.

The Directors (including the independent non-executive Directors) are of the view that the transaction under the Syndicated Loan Agreement 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. As none of the Directors is regarded as having a material interest in the transaction under the Syndicated Loan Agreement, no Director has abstained from voting on the resolution of the Board approving the transaction under the Syndicated Loan Agreement.

LISTING RULES IMPLICATIONS

Sinochem Holdings is the ultimate controlling shareholder of the Company, indirectly holding approximately 52.65% of the total issued shares of the Company, and is therefore a connected person of the Company. As Sinochem Finance is directly and indirectly owned as to an aggregate of approximately 98% by Sinochem Holdings, Sinochem Finance is also a connected person of the Company. The provision of the secured loan to Sinochem Fuling by Sinochem Finance under the Syndicated Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the applicable percentage ratios in respect of the maximum commitment of Sinochem Finance under the Syndicated Loan are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A 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 Fuling, an indirect non-wholly owned subsidiary of the Company, is owned as to 74.56% by the Company indirectly and as to 25.27% in aggregate by the Fuling District State-owned Assets Supervision and Administration Commission of Chongqing and its subsidiary. Sinochem Fuling is primarily engaged in the production and sale of phosphate compound fertilizer 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 SASAC.

Sinochem Finance is a subsidiary of Sinochem Holdings. Sinochem Finance is a non-bank financial institution incorporated in the PRC with the approval of the People’s Bank of China and subject to the supervision of the China Banking and Insurance Regulatory Commission. Sinochem Finance is principally engaged in the businesses of financial and financing advisory service, credit authentication and related consulting service and agency service; provision of guarantees; entrusted loan and investment; bill acceptance and discount; settlement service; deposit service; loan and finance lease, etc.

CCB Fuling Branch is one of the branches of CCB. CCB is a leading large-scale commercial bank in the PRC that provides comprehensive financial services, including corporate finance business, personal finance business, and treasury and asset management business. Its A shares (stock code: 601939) and H shares (stock code: 939) are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, CCB 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
“CCB”	China Construction Bank Corporation (中國建設銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares (stock code: 601939) and H shares (stock code: 939) of which are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“CCB Fuling Branch”	China Construction Bank Corporation, Fuling Branch in Chongqing, one of the branches of CCB
“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”	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
“Land”	the industrial land located at Section I and Section II, Shaolou Village, Fuling District, Chongqing, the PRC, which is the location for the construction of the Project
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Pledge Contract”	the maximum amount pledge contract to be entered into by Sinochem Fuling with CCB Fuling Branch (as the agent) as a security for the repayment obligation of Sinochem Fuling under the Syndicated Loan Agreement
“PRC”	the People’s Republic of China, which for the purposes of this announcement only, excludes Hong Kong, Macao Special Administration Region and Taiwan
“Project”	the project for the production of 200,000 tonnes of fine phosphates and ancillary novel special fertilizers per annum
“RMB”	Reminbi, the lawful currency of the PRC
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council
“Sinochem Finance”	中化集團財務有限責任公司 (Sinochem Group Finance Co., Ltd.), a company incorporated in the PRC with limited liability, and a subsidiary of Sinochem Holdings
“Sinochem Fuling”	中化重慶涪陵化工有限公司 (Sinochem Fuling Chongqing Chemical Industry Co., Ltd.), a company incorporated in the PRC with limited liability, and an indirect non-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
“Syndicated Loan”	the syndicated loan in a total principal amount of up to RMB1,489,000,000 to be provided to Sinochem Fuling by CCB Fuling Branch and Sinochem Finance under the Syndicated Loan Agreement
“Syndicated Loan Agreement”	the syndicated loan agreement dated 26 April 2023 entered into by Sinochem Fuling (as the borrower) with CCB Fuling Branch (as the lead arranger, agent and one of the lenders) and Sinochem Finance (as one of the lenders)
“%”	per cent

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

Hong Kong, 28 April 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.