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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)**

### **VOLUNTARY ANNOUNCEMENT COMMENCEMENT OF BANKRUPTCY LIQUIDATION PROCEEDINGS OF AN ASSOCIATE**

This announcement is made by Sinofert Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) on a voluntary basis.

The board of directors of the Company (the “**Board**”) hereby announces that the Company recently received from Yangmei Pingyuan Chemical Company Limited (“**Yangmei Pingyuan**”), an associate of the Company, the forwarded “Civil Ruling of the People’s Court of Pingyuan County, Shandong Province”, “Decision of the People’s Court of Pingyuan County, Shandong Province” and “Notice of the People’s Court of Pingyuan County, Shandong Province”, which ruled that the bankruptcy liquidation application against Yangmei Pingyuan, filed by its creditor Pingyuan County Finance and Development Group Co., Ltd., be accepted, appointed Shandong Deheng (Jinan) Law Firm and Shandong Jiugong Law Firm\* as joint administrators of Yangmei Pingyuan, and notified the date and time of the first creditor’s meeting.

#### **INFORMATION ABOUT YANGMEI PINGYUAN**

Yangmei Pingyuan is principally engaged in the production and sale of urea, methanol, ammonium acid carbonate and melamine, etc., and is also an associate of Sinochem Fertilizer Company Limited (“**Sinochem Fertilizer**”, an indirect wholly-owned subsidiary of the Company). As at the date of this announcement, Yangmei Pingyuan is owned as to (i) 51% by Yangmei Chemical Co., Ltd.; (ii) 36.75% by Sinochem Fertilizer; and (iii) 12.25% by Pingyuan Juyuan State-owned Assets Operation Co., Ltd.

#### **IMPACTS ON THE GROUP**

References are made to the announcements of the Company dated 7 December 2023, 3 January 2024 and 28 January 2024, respectively, and the 2023 Annual Report and the 2024 Interim Report of the Company with respect to, among others: (1) in December 2023, Yangmei Pingyuan received a mandatory shutdown notice from the People’s Government of Pingyuan County, Shandong Province, resulting in the cessation of operations of Yangmei Pingyuan and thereby affecting its cash flow. In order to resettle employees in a proactive and orderly manner, Yangmei Pingyuan borrowed funds

from its shareholders, and Sinochem Fertilizer provided a two-year loan of RMB168 million to Yangmei Pingyuan in January 2024 according to its shareholding ratio; (2) during 2023, Sinochem Fertilizer provided guarantee on pledged cash deposits for the bank loans of Yangmei Pingyuan, but due to the insolvency of Yangmei Pingyuan, during the year ended 31 December 2023, the Group recorded credit losses of RMB328 million on the pledge contracts that provided guarantee for the bank loans of Yangmei Pingyuan. Subsequently, during 2024, Sinochem Fertilizer was required by the relevant banks to perform its guarantee repayment obligations, and accordingly, Sinochem Fertilizer fully paid off the principal and interest in respect of the guaranteed bank loans of Yangmei Pingyuan under the pledge contracts; and (3) upon cessation of operation of Yangmei Pingyuan, the Group assessed the recoverable amount of its interest in Yangmei Pingyuan as at 31 December 2023 based on the value-in-use and reconciled it with the carrying value of such interest, and accordingly, an impairment loss of RMB195 million was recognized for the year ended 31 December 2023. The impact of the aforementioned events on the consolidated financial statements of the Group has been reflected and disclosed in the 2023 Annual Report and the 2024 Interim Report of the Company.

Considering the current circumstances regarding Yangmei Pingyuan, the Company expects to recognize a loss of approximately RMB168 million for the year ended 31 December 2024 in respect of the aforementioned two-year loan for the resettlement of employees. Save for the above, the Board currently anticipates that the bankruptcy liquidation proceedings of Yangmei Pingyuan will not have a material impact on the Group's financial position and daily business operations. However, the Company will further assess the potential impact of this matter. In such process, the Company will actively declare its creditor's right in the bankruptcy proceedings that ensue. The final distribution plan of the insolvent assets is yet to be formulated by the bankruptcy administrator based on the amount of insolvent assets and the declaration of creditor's right, which is subject to the resolution to be adopted at the creditor's meeting, with final confirmation to come only after such ruling by the People's Court. The Company will, where necessary, disclose any significant developments or impacts in the Company's annual results announcement or through a separate announcement.

**Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

*\* The Chinese name of the entity has been translated into English in this announcement for reference only. In the event of any discrepancy between the Chinese name of the entity and its English translations, the Chinese version shall prevail.*

For and on behalf of the Board of  
**Sinofert Holdings Limited**  
**Su Fu**  
*Chairman*

Hong Kong, 20 January 2025

*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.*