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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China XLX Fertiliser Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**心连心**

**CHINA XLX FERTILISER LTD.**

**中國心連心化肥有限公司\***

*(Incorporated in Singapore with limited liability)*

**(Company Registration No. 200610384G)**

**(Hong Kong Stock Code: 1866)**

**PROPOSED GRANT OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES  
AND  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of China XLX Fertiliser Ltd. to be held at Drawing Room, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 24 May 2019 at 9:30 a.m. is set out on pages 41 to 47 of this circular. A form of proxy for use at the 2019 annual general meeting is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaxlx.com.hk](http://www.chinaxlx.com.hk)).

If you are not able to attend the 2019 annual general meeting in person, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the holding of the 2019 annual general meeting (i.e., not later than 9:30 a.m. on 22 May 2019) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

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## DEFINITIONS

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

“2019 AGM”	:	The annual general meeting of the Company to be held at Drawing Room, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 24 May 2019 at 9:30 a.m., to consider and, if think fit, to approve the resolutions contained in the notice of the meeting which is set out on pages 41 to 47 of this circular, or any adjournment thereof
“Board”	:	The board of Directors
“Buyback Mandate”	:	As defined in paragraph 2 of the Letter from the Board
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
“Company”	:	China XLX Fertiliser Ltd., a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of the SEHK
“Constitution”	:	The Constitution of the Company as amended, modified or supplemented from time to time
“Council”	:	Securities Industry Council of Singapore
“Director(s)”	:	The director(s) for the time being of the Company
“EPS”	:	Earnings per Share
“Go Power”	:	Go Power Investments Limited, a company incorporated in the British Virgin Islands
“Group”	:	The Company and its subsidiaries from time to time
“Henan XLX”	:	Henan Xinlianxin Fertiliser Co., Ltd., a wholly-owned subsidiary of the Company
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	The Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Hong Kong Listing Rules”	:	The Rules Governing the Listing of Securities on the SEHK, as amended, modified or supplemented from time to time
“Hong Kong Buy-backs Code”	:	The Code on Share Buy-backs issued by the SFC
“Hong Kong Takeovers Code”	:	The Code on Takeovers and Mergers issued by the SFC
“Issue Mandate”	:	As defined in paragraph 3 of the Letter from the Board
“Latest Practicable Date”	:	12 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Market Day(s)”	:	Day(s) on which the SEHK is open for trading of securities
“NTA”	:	Net tangible assets
“Pioneer Top”	:	Pioneer Top Holdings Limited, a company incorporated in the British Virgin Islands
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“SEHK”	:	The Stock Exchange of Hong Kong Limited
“SFC”	:	The Securities and Futures Commission of Hong Kong
“SFO”	:	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, modified or supplemented from time to time
“Share(s)”	:	Ordinary share(s) in the capital of the Company or if there is a subsequent subdivision, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the equity share capital of the Company after such subdivision, consolidation, reclassification or reconstruction

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## DEFINITIONS

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“Shareholder(s)”	:	Holder(s) of Share(s)
“Singapore Take-overs Code”	:	The Singapore Code on Take-overs and Mergers issued by the Monetary Authority of Singapore, as amended, modified or supplemented from time to time
“S\$”	:	Singapore dollars, the lawful currency of Singapore
“%”	:	Percentage or per centum

Words importing the singular shall include the plural where the context admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context admits. Reference to persons shall, where applicable, include corporations.

Any reference in this circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Hong Kong Listing Rules, the SFO, the Hong Kong Buy-backs Code, the Hong Kong Takeovers Code, the Singapore Take-overs Code or any modification thereof and used in this circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Hong Kong Listing Rules, the SFO, the Hong Kong Buy-backs Code, the Hong Kong Takeovers Code, the Singapore Take-overs Code or any modification thereof, as the case may be.

All times and dates referred to in this circular refer to Hong Kong local times and dates.

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LETTER FROM THE BOARD

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**CHINA XLX FERTILISER LTD.**

**中國心連心化肥有限公司 \***

*(Incorporated in Singapore with limited liability)*

**(Company Registration No. 200610384G)**

**(Hong Kong Stock Code: 1866)**

*Executive Directors:*

Mr. Liu Xingxu (*Chairman*)

Mr. Zhang Qingjin

Ms. Yan Yunhua

*Non-executive Director:*

Mr. Zheng Jiaqi

*Independent Non-executive Directors:*

Mr. Ong Kian Guan

Mr. Li Shengxiao

Mr. Ong Wei Jin

Mr. Li Hongxing

*Registered Office:*

80 Robinson Road

#02-00, Singapore 068898

*Principal Place of Business*

*in Hong Kong:*

20/F, Alexandra House

18 Chater Road

Central

Hong Kong

18 April 2019

*To the Shareholders*

Dear Sir/Madam,

**PROPOSED GRANT OF GENERAL MANDATES  
TO REPURCHASE SHARES AND TO ISSUE NEW SHARES  
AND  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the 2019 AGM for (i) the grant of the Buyback Mandate to the Directors; (ii) the grant of the Issue Mandate to the Directors; (iii) the extension of the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Buyback Mandate; and (iv) the re-election of the retiring Directors.

*\* for identification purpose only*

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## LETTER FROM THE BOARD

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### 2. PROPOSED GRANT OF THE BUYBACK MANDATE

Any purchase or acquisition of Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Constitution, the Companies Act, the Hong Kong Listing Rules and such other laws and regulations as may for the time being be applicable.

At the annual general meeting of the Company held on 15 May 2018, a general mandate was granted to the Directors to repurchase the Shares (the “**Buyback Mandate**”). The existing Buyback Mandate will expire at the conclusion of the 2019 AGM. Accordingly, the Directors are seeking Shareholders’ approval for the proposed grant of the Buyback Mandate at the 2019 AGM.

An ordinary resolution, as set out in ordinary resolution no. 9 in the notice of the 2019 AGM (the “**Resolution 9**”), will be proposed at the 2019 AGM to seek the approval of the Shareholders to grant the Directors generally and unconditionally the Buyback Mandate to purchase or acquire Shares, by way of on-market purchase(s) (“**Market Purchase(s)**”), transacted on the SEHK (or any other securities exchange on which the Shares may for the time being be listed and quoted, recognised by the SFC and the SEHK for this purpose) through the ready markets, through one or more duly licensed stockbrokers appointed by the Company for the purpose, at any time and upon such terms and conditions as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of Shares to be repurchased pursuant to the Buyback Mandate, shall not exceed 10% of the total number of issued Shares as at the date of passing the Resolution 9.

Pursuant to Section 76C of the Companies Act, the Company may purchase or acquire Shares by way of off-market purchase(s) otherwise than on the SEHK (the “**Off-Market Purchase(s)**”) if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by the Company in a general meeting. Pursuant to Rule 2 of the Hong Kong Buy-backs Code, Off-Market Purchases must be approved by the Executive Director of the Corporate Finance Division of the SFC (or any delegate of the Executive Director) before the Company may carry out such Off-Market Purchase. Such approval will normally be conditional upon, amongst others, approval of the proposed Off-Market Purchase by at least three-fourths of the votes cast on a poll by disinterested Shareholders in attendance in person or by proxy at a general meeting and a circular satisfying certain requirements set out in the Hong Kong Buy-backs Code having been sent to the Shareholders. The Company should also comply with other applicable requirements under the Hong Kong Buy-backs Code. In view of the requirements in Hong Kong in relation to Off-Market Purchases, the Company does not intend to purchase or acquire Shares by way of Off-Market Purchases and will not propose such resolution at the 2019 AGM.

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## LETTER FROM THE BOARD

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Duration of the authority of the Buyback Mandate is set out in paragraph 2(II) of Appendix I.

As at the Latest Practicable Date, the number of Shares in issue was 1,171,621,000. Accordingly, assuming no further Shares are issued or repurchased on or before the 2019 AGM, the exercise of the Buyback Mandate in full would enable the Company to repurchase a maximum of 117,162,100 Shares. The grant of the Buyback Mandate will provide flexibility to the Directors to repurchase Shares when it is in the interest of the Company.

In accordance with the requirements of the Hong Kong Listing Rules, the Company shall send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Buyback Mandate. The explanatory statement as required by the Hong Kong Listing Rules and other requisite details in connection with the Buyback Mandate is set out in Appendix I to this circular.

### 3. PROPOSED GRANT/EXTENSION OF THE ISSUE MANDATE

At the annual general meeting of the Company held on 15 May 2018, a general mandate was granted to the Directors to allot, issue and deal with Shares. The existing Issue Mandate will lapse at the conclusion of the 2019 AGM. Accordingly, the Directors are seeking Shareholders' approval for the proposed grant of the Issue Mandate at the 2019 AGM.

An ordinary resolution, as set out in ordinary resolution no. 10 in the notice of the 2019 AGM (the “**Resolution 10**”), will be proposed at the 2019 AGM to seek the approval of the Shareholders to grant the Directors generally and unconditionally the Issue Mandate to (i) allot, issue and deal with Shares whether by way of rights, bonus or otherwise; (ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other Instruments convertible into Shares; and/or (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues, at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of Shares to be issued pursuant to the Resolution 10 (including Shares to be issued in pursuance of Instruments made or granted pursuant to the Resolution 10) other than on a rights issue, conversion of convertible securities, exercise of options or issue of scrip dividend or similar arrangement, as detailed in the Resolution 10, shall not exceed 20% of the total number of issued Shares as at the date of passing the Resolution 10.

Unless revoked or varied by the Company in a general meeting, the Issue Mandate shall continue to be in force until the conclusion of the Company's next annual general meeting held after the 2019 AGM or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the number of Shares in issue was 1,171,621,000. Accordingly, the exercise of the Issue Mandate in full would enable the Company to issue a maximum of 234,324,200 new Shares. The grant of the Issue Mandate will provide flexibility to the Directors to issue new Shares when it is in the interest of the Company.

Another ordinary resolution, as set out in ordinary resolution no. 11 in the notice of the 2019 AGM, will be proposed at the 2019 AGM to seek the approval of the Shareholders to extend the Issue Mandate granted to the Directors by adding the number of Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate, conditional upon the passing of Resolution 9 and Resolution 10.

#### **4. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS**

Pursuant to Articles 89 and 90 of the Constitution, Mr. Liu Xingxu and Mr. Ong Kian Guan shall retire by rotation at the 2019 AGM. Pursuant to Article 88 of the Constitution, Mr. Li Hongxing, who was appointed by the Board as an independent non-executive Director with effect from 16 May 2018, and Mr. Zheng Jiaqi, who was appointed by the Board as a non-executive Director with effect from 16 May 2018, shall hold office until the 2019 AGM. All of the above four Directors, being eligible, will offer themselves for re-election at the 2019 AGM.

The Nomination Committee of the Company has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy and the independence of the independent non-executive Directors.

Mr. Ong Kian Guan and Mr. Li Hongxing, the retiring independent non-executive Directors of the Company, have also confirmed their independence with reference to the factors set out in Rule 3.13 of the Listing Rules. Mr. Ong Kian Guan has served as an independent non-executive Director for more than 9 years. Notwithstanding Mr. Ong's years of service as independent non-executive Director, he continues to demonstrate the ability to provide an independent, balanced and objective view to the Company's matters. Besides, Mr. Li Hongxing, upon appointment, also provides an independent, balanced and objective view for discussion. The Nomination Committee and the Board thus considered that the retiring independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules.

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## LETTER FROM THE BOARD

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In addition, the Nomination Committee and the Board believed that the extensive business experience and financial knowledge of Mr. Ong Kian Guan and Mr. Li Hongxing will continue to make contribution to the Board and are satisfied with all the retiring Directors' contribution to the Company, which will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity. The Nomination Committee and the Board therefore recommended the re-election of all the retiring Directors, including the aforesaid independent non-executive Directors, who are due to retire at the AGM.

Pursuant to Rule 13.74 of the Hong Kong Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Hong Kong Listing Rules of any director(s) proposed to be re-elected or proposed new director(s) in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above four retiring Directors are set out in Appendix II to this circular.

### 5. DIRECTORS' RECOMMENDATIONS

Save for Mr. Liu Xingxu who abstain from making any recommendations to the Shareholders in accordance with Note 3(a) of Appendix 2 of the Singapore Take-overs Code, the remaining Directors consider that the grant of the Buyback Mandate is in the interests of the Company and is not prejudicial to the Shareholders as a whole. Accordingly, the Directors (other than Mr. Liu Xingxu) recommend the Shareholders to vote in favour of the resolution relating to the Buyback Mandate to be proposed at the 2019 AGM.

**Shareholders should note that by voting in favour of the resolution in relation to the proposed adoption of the Buyback Mandate, Shareholders are waiving their rights to a general offer from Mr. Liu Xingxu and/or persons acting in concert with him, if any, at the required price, if a share buy-back by the Company results in the aggregate voting rights of Mr. Liu Xingxu and/or persons acting in concert with him, if any, to increase in accordance with the proportions stipulated under Rule 14 of the Singapore Take-overs Code.**

The Directors consider that the grant/extension of the Issue Mandate and the re-election of the retiring Directors are in the interests of the Company and are not prejudicial to the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the 2019 AGM.

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## LETTER FROM THE BOARD

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### 6. ABSTENTION FROM VOTING

Each of Mr. Liu Xingxu, Pioneer Top and/or persons acting in concert with them, is required under the Singapore Take-overs Code to abstain from voting on the resolution in respect of the proposed grant of the Buyback Mandate at the 2019 AGM. Mr. Liu Xingxu shall not, and shall procure that his concert parties shall not, accept appointment as proxies for voting on the resolution in respect of the proposed grant of the Buyback Mandate unless specific instructions have been given on the proxy form(s) on how the votes are to be cast in respect of the resolution relating to the proposed grant of the Buyback Mandate.

Save as disclosed above, no other Shareholder is required to abstain from voting on the resolutions proposed at the 2019 AGM.

### 7. 2019 AGM

The 2019 AGM, notice of which is set out on pages 41 to 47 of this circular, will be convened at Drawing Room, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 24 May 2019 at 9:30 a.m. for the approval of the resolutions in relation to, inter alia, the grant of the Buyback Mandate and the Issue Mandate, the extension of the Issue Mandate by the addition thereto of the number of Shares repurchased pursuant to the Buyback Mandate and the re-election of the retiring Directors.

Pursuant to the Hong Kong Listing Rules and the Constitution, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the 2019 AGM. An announcement on the poll voting results will be published by the Company after the 2019 AGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

### 8. ACTION TO BE TAKEN BY SHAREHOLDERS

A form of proxy for use at the 2019 AGM is enclosed with this circular and such form of proxy is also published on the websites of the SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinaxlx.com.hk](http://www.chinaxlx.com.hk)). If you are not able to attend the 2019 AGM in person, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the letter or power of attorney under which it is signed or a certified copy of that letter or power of attorney, to the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for holding the 2019 AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the 2019 AGM if you so wish and in such event, your proxy form shall be deemed to be revoked.

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## LETTER FROM THE BOARD

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### 9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about the proposed grant of the Buyback Mandate and the Issue Mandate and re-election of the retiring Directors. The Group and the Directors are not aware of any facts the omission of which would make any statement in this circular misleading.

Where information contained in this circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this circular in its proper form and context.

### 10. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular: Appendix I – Explanatory Statement on the Buyback Mandate; and Appendix II – Details of the Retiring Directors Proposed to be Re-elected at the 2019 AGM.

Yours faithfully,  
By order of the Board  
**Liu Xingxu**  
*Chairman*

*The following is an explanatory statement required by the Hong Kong Listing Rules, together with other requisite details, to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the 2019 AGM in relation to the grant of the Buyback Mandate.*

## **1. RATIONALE FOR THE BUYBACK MANDATE**

The Directors believe that the grant of the Buyback Mandate is in the interests of the Company and the Shareholders as a whole, as it will give the Directors the flexibility to purchase or acquire Shares on the market when circumstances permit. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share structure and may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the EPS and/or NTA per Share.

Repurchases of Shares will only be undertaken if such repurchases can benefit the Company and the Shareholders as a whole. Subject to the provisions of the Companies Act and the Hong Kong Listing Rules, the number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining. No purchase of Shares will be made in circumstances which would have or may have any material adverse effect on the financial position of the Company and the Group and the trading and listing status of the Shares on the SEHK, or which would result in the Company being delisted from the SEHK.

## **2. AUTHORITY AND LIMITATIONS ON THE BUYBACK MANDATE**

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Buyback Mandate are summarised below:

### **(I) Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Buyback Mandate is limited to 10% of the total number of issued Shares as at the date of the 2019 AGM on which the proposed grant of the Buyback Mandate is approved.

For illustrative purposes only, on the basis of 1,171,621,000 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued or repurchased on or before the 2019 AGM, not more than 117,162,100 Shares (representing 10% of the total number of issued Shares as at the date of the 2019 AGM) may be purchased or acquired by the Company pursuant to the Buyback Mandate.

**(II) Duration of Authority**

Purchases or acquisitions of Shares pursuant to the Buyback Mandate may be made, at any time and from time to time, on and from the date of the 2019 AGM, at which the proposed grant of the Buyback Mandate is approved, until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Constitution or any applicable laws of Singapore to be held;
- (iii) the date on which the purchases or acquisitions of Shares pursuant to the Buyback Mandate have been carried out to the full extent mandated; or
- (iv) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the Buyback Mandate.

**(III) Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares shall be effected by the Company by way of Market Purchases transacted on the SEHK (or any other securities exchange on which the Shares may for the time being be listed and quoted, recognised by the SFC and the SEHK for this purpose) through the ready markets, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

**(IV) Maximum Price**

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) in relation to a Share to be purchased or acquired by way of a Market Purchase must not be 105% or more of the Average Closing Price (the “**Maximum Price**”).

For the above purpose, “**Average Closing Price**” means the average of the closing market prices of a Share for the 5 consecutive Market Days on which the Shares are transacted on the SEHK immediately preceding the date of the Market Purchase by the Company.

**3. STATUS OF THE SHARES REPURCHASED**

A Share purchased or acquired by the Company is deemed to be cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation). Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company.

Pursuant to Rule 10.06(5) of the Hong Kong Listing Rules, the listing of all Shares purchased or acquired by the Company (whether on the SEHK or otherwise) shall be automatically cancelled upon such purchase or acquisition.

#### **4. SOURCE OF FUNDS**

In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with the Constitution and the applicable laws in Singapore and Hong Kong. The Company may not purchase or acquire Shares for a consideration other than cash and where relevant, settlement shall be in accordance with the trading rules of the SEHK. Any payment made by the Company in consideration of the purchase or acquisition of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Such payment shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of Shares by the Company.

For this purpose, a company is "solvent" if at the date of the foregoing payment, the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:
  - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
  - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

The Company may use internal resources and/or external borrowings to finance its purchases or acquisitions of Shares pursuant to the Buyback Mandate. The Directors do not propose to carry out repurchases of shares to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company.

**5. FINANCIAL EFFECTS**

Where Shares are purchased or acquired, and cancelled, the Company shall:

- (a) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (b) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (c) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the purchase price paid by the Company for the Shares purchased or acquired, and cancelled.

For this purpose, the total amount of the purchase price referred to above shall include any expenses (including brokerage or commission) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's capital and/or profits.

Under the Constitution, the Company may purchase or acquire Shares out of distributable profits of the Company or out of the proceeds of a fresh issue of Shares made for the purposes of such purchase or acquisition.

Where the total amount of the purchase price paid by the Company for the purchase or acquisition of Shares is made out of profits, such total amount of the purchase price will correspondingly reduce the amount available for the distribution of cash dividends by the Company. On the other hand, where the total amount of the purchase price paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The financial impact on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the price at which such Shares are purchased or acquired and the amount (if any) borrowed by the Company to fund the purchase or acquisition of Shares.



There might be an adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2018) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements or the gearing levels of the Company as compared with the position disclosed in the latest published audited financial statements of the Company which in the opinion of the Directors are from time to time appropriate for the Group. The purchase or acquisition of the Shares will only be effected after considering the relevant factors such as working capital requirements, availability of financial resources, expansion and investment plans of the Group and prevailing market conditions. The proposed Buyback Mandate will be exercised with a view of enhancing the EPS and/or NTA per Share.

For illustrative purposes only, assuming that the Company had repurchased 117,162,100 Shares (representing 10% of the total number of issued Shares as at the Latest Practicable Date and assuming that no Shares are issued or repurchased on or prior to the date of the 2019 AGM), the financial effects on the Company and the Group arising from purchases or acquisitions of Shares pursuant to the Buyback Mandate, based on the audited financial statements of the Company and the Group for the year ended 31 December 2018 would have been as follows, based on a HK\$:RMB exchange rate of HK\$1:RMB0.85 as at the Latest Practicable Date:

**For illustrative purposes only:**

Where the Shares purchased or acquired are cancelled, in a Market Purchase, assuming that the Maximum Price is HK\$3.13, which is not more than 5% above the average closing market prices of a Share over the last 5 Market Days immediately preceding the Latest Practicable Date, the maximum amount of funds required for the purchase or acquisition of up to 117,162,100 Shares, which is the maximum number of Shares the Company is able to purchase or acquire under the Buyback Mandate, would be HK\$366,717,373. The financial effects of the purchase or acquisition of Shares on the financial position of the Company and the Group for the year ended 31 December 2018 are as follows:

As at 31 December 2018, the Group and the Company had cash and bank balances of approximately RMB346 million (equivalent to approximately HK\$407 million) and RMB8 million (equivalent to approximately HK\$9 million) respectively. In order to effect a purchase or acquisition of up to 117,162,100 Shares at the Maximum Price assuming that the Market Purchase takes place on the Latest Practicable Date and that no Shares are issued or repurchased on or prior to the 2019 AGM, cash reserves from the Group of RMB312 million (equivalent to approximately HK\$367 million) will be required.

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**APPENDIX I****EXPLANATORY STATEMENT ON  
THE BUYBACK MANDATE**

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*Assuming the use of internal resources to purchase or acquire the Shares*

	<b>Group</b>		<b>Company</b>	
	<b>Before Share Repurchase (RMB '000)</b>	<b>After Share Repurchase (RMB '000)</b>	<b>Before Share Repurchase (RMB '000)</b>	<b>After Share Repurchase (RMB '000)</b>
<b>As at 31 December 2018</b>				
Current assets	2,982,218	2,670,508	180,486	(131,224)
Current liabilities	5,287,008	5,287,008	142,031	142,031
Working capital	(2,304,790)	(2,616,500)	38,455	(273,255)
Shareholders' funds	3,921,814	3,610,104	1,480,767	1,169,057
Total borrowing	6,111,224	6,111,224	178,443	178,443
NTA	4,795,626	4,483,916	1,480,767	1,169,057
<b>As at the Latest Practicable Date</b>				
Number of Shares	1,171,621,000	1,054,458,900	1,171,621,000	1,054,458,900
<b>Financial Ratios</b>				
NTA per Share (RMB cents)	409.32	425.23	126.39	110.87
EPS (RMB cents)	53.34	59.27	21.41	23.79
Gearing ratio (times)	0.61	0.58	0.11	0.13
Current ratio (times)	0.56	0.51	1.27	(0.92)

*Assuming using external borrowings to purchase or acquire the Shares*

	Group		Company	
	Before Share Repurchase (RMB'000)	After Share Repurchase (RMB'000)	Before Share Repurchase (RMB'000)	After Share Repurchase (RMB'000)
<b>As at 31 December 2018</b>				
Current assets	2,982,218	2,982,218	180,486	180,486
Current liabilities	5,287,008	5,598,718	142,031	453,741
Working capital	(2,304,790)	(2,616,500)	38,455	(273,255)
Shareholders' funds	3,921,814	3,610,104	1,480,767	1,169,057
Total borrowing	6,111,224	6,422,934	178,443	490,153
NTA	4,795,626	4,483,916	1,480,767	1,169,057
<b>As at the Latest Practicable Date</b>				
Number of Shares	1,171,621,000	1,054,458,900	1,171,621,000	1,054,458,900
<b>Financial Ratios</b>				
NTA per Share (RMB cents)	409.32	425.23	126.39	110.87
EPS (RMB cents)	53.34	59.27	21.41	23.79
Gearing ratio (times)	0.61	0.59	0.11	0.30
Current ratio (times)	0.56	0.53	1.27	0.40

As illustrated above, the exercise of the Buyback Mandate will have the effect of reducing the working capital and the NTA of the Group and the Company by the purchase price of the Shares purchased or acquired. The NTA per Share of the Group as at 31 December 2018 (assuming the Buyback Mandate is exercised in full and there is no change of share capital on or prior to the 2019 AGM) will increase from RMB409.32 cents (equivalent to approximately HK347.92 cents) to RMB425.23 cents (equivalent to approximately HK361.45 cents).

Assuming that the Buyback Mandate had been exercised in full on 31 December 2018, the EPS of the Group for the year ended 31 December 2018 would be increased from RMB53.34 cents (equivalent to approximately HK45.34 cents) to RMB59.27 cents (equivalent to approximately HK50.38 cents) as a result of the reduction in the number of issued Shares.

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on audited financial statements of the Company and the Group for the year ended 31 December 2018, and is not necessarily representative of future financial performance.

The Company will take into account both financial factors (for example, cash surplus, debt position and working capital requirement) and non-financial factors (for example, share market conditions and performance of the Shares) in assessing the relative impact of a repurchase of Shares pursuant to the Buyback Mandate before execution.

Shareholders should also note that although the Buyback Mandate would authorise the Company to repurchase up to 10% of the total number of issued Shares, the Company may not necessarily repurchase or be able to repurchase the entire 10% of the total number of issued Shares.

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from Buyback Mandate or who may be subject to tax in a jurisdiction other than Singapore and/or Hong Kong, should consult their own professional advisers.

## 6. TAKEOVERS CODE IMPLICATIONS

### (I) Hong Kong Takeovers Code Implications

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Hong Kong Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Hong Kong Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

To the best knowledge of the Company, as at the Latest Practicable Date, Mr. Liu Xingxu was interested in 413,607,999 Shares, representing approximately 35.30% of the total issued share capital of the Company. Out of these Shares, 600,000 Shares (being approximately 0.05% of the total issued share capital of the Company) were beneficially owned by Mr. Liu Xingxu, and 413,007,999 Shares (being approximately 35.25% of the total issued share capital of the Company) were held by Pioneer Top. Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries (including Mr. Zhang Qingjin, an executive Director) under a trust agreement dated 26 July 2016. Pursuant to the said trust agreement, Mr. Liu Xingxu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Pioneer Top.

As set out above, in the event that the Directors exercise the Buyback Mandate in full, the number of Shares to be repurchased pursuant to the Buyback Mandate will be 117,162,100 Shares.

On the basis that (i) the total issued share capital of the Company (being 1,171,621,000 Shares) remains unchanged as at the date of the 2019 AGM, and (ii) the shareholdings of Mr. Liu Xingxu (being 413,607,999 Shares) in the Company remains unchanged, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the 2019 AGM (presuming that apart from the decrease of the issued share capital arising from the said full exercise of the Buyback Mandate, there is no other change in the Company's issued share capital), the shareholding interests of Mr. Liu Xingxu in the issued Shares would be increased to approximately 39.22% of the total issued share capital of the Company.

The above-mentioned increase of shareholding interests would give rise to an obligation for Mr. Liu Xingxu to make a mandatory general offer under the Hong Kong Takeovers Code. However, the Directors do not have any present intention to exercise the proposed Buyback Mandate to such an extent as would give rise to such an obligation.

Save as aforesaid and as at the Latest Practicable Date, the Directors were not aware of any consequence which the exercise in full of the Buyback Mandate would have under the Hong Kong Takeovers Code.

**(II) Singapore Take-overs Code Implications**

If, as a result of any purchase or acquisition of Shares by the Company, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Singapore Take-overs Code. If such increase results in the change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Singapore Take-overs Code.

Under the Singapore Take-overs Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

- (g) partners; and
- (h) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons for the purchase of voting rights.

For the above purposes, “close relatives” include immediate family (i.e. parents, siblings, spouse and children), siblings of parents (i.e. uncles and aunts) as well as their children (i.e. cousins), and children of siblings (i.e. nephews and nieces).

The circumstances under which the Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 of the Singapore Take-overs Code after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Singapore Take-overs Code.

Under the Singapore Take-overs Code, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a share buy-back by the Company if, *inter alia*, their voting rights increase to 30% or more as a result of a share buy-back by the Company and they acquire any Shares between the date of the notice of resolution to authorise the Buyback Mandate and the next annual general meeting of the Company, or, if they already hold between 30% and 50% of the Company’s voting rights and as a result of a share buy-back by the Company their voting rights increase by more than 1% in any period of 6 months and they acquire any Shares between the date of the notice of resolution to authorise the Buyback Mandate and the next annual general meeting of the Company.

Under Appendix 2 of the Singapore Take-overs Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Singapore Take-overs Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company’s voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Buyback Mandate unless so required under the Companies Act.

Notwithstanding the above, Note 3(a) of Appendix 2 of the Singapore Take-overs Code provides that for a market acquisition under Section 76E of the Companies Act by a listed company, directors and persons acting in concert with them will be exempted from the requirement to make an offer under Rule 14 of the Singapore Take-overs Code, subject to the following conditions:

- (i) the circular to shareholders on the resolution to authorise a share buy-back to contain advice to the effect that by voting for the buy-back resolution, shareholders are waiving their right to a general offer at the required price from directors and parties acting in concert with them who, as a result of the company buying back its shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the company's voting rights, would increase their voting rights by more than 1% in any period of 6 months; and the names of such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buy-back to be disclosed in the same circular;
- (ii) the resolution to authorise a share buy-back to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;
- (iii) directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorise the share buy-back;
- (iv) within 7 days after passing of the resolution to authorise a buy-back, each of the directors to submit to the Council a duly signed form as prescribed by the Council;
- (v) directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposals is imminent and the earlier of:
  - the date on which the authority of the share buy-back expires; and
  - the date on which the company announces it has bought back such number of shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be,if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase to 30% or more; and
- (vi) directors and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:
  - the date on which the authority of the share buy-back expires; and
  - the date on which the company announces it has bought back such number of shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its shares, as the case may be,



if such acquisitions, taken together with the share buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding 6 months.

It follows that where the aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the share buy-back and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for an exemption from the requirement to make a general offer under Rule 14 of the Singapore Take-overs Code, or where such exemption had been granted, would continue to enjoy the exemption.

The effect of Rule 14 and Appendix 2 of the Singapore Take-overs Code is that, subject to the fulfilment of the abovementioned conditions, Directors and persons acting in concert with them will be exempted from the obligation to make a take-over offer under Rule 14 of the Singapore Take-overs Code within the validity period of the exemption if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of 6 months.

As at the Latest Practicable Date, the Company's issued share capital comprises 1,171,621,000 Shares of which the aggregate shareholdings and voting rights of Mr. Liu Xingxu, the Chairman of the Board and an executive Director, and persons acting in concert with him, in the event of share buy-backs up to the maximum of 10% of the issued share capital of the Company as permitted by the Buyback Mandate, are as follows:

	<b>Percentage of Shares and voting rights as at the Latest Practicable Date</b>	<b>Percentage of Shares and voting rights after the maximum share buy-backs permitted under the Buyback Mandate <sup>(1)</sup></b>
Mr. Liu Xingxu	0.05%	0.06%
Pioneer Top <sup>(2)</sup>	35.25%	39.16%
	<hr/>	<hr/>
Total	35.30%	39.22%
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (1) The above is based on the assumption that the Shares bought back by the Company will be cancelled immediately.
- (2) Pioneer Top is an investment holding company established in the British Virgin Islands (the “BVI”). Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries under a trust agreement dated 26 July 2016, including 7% for Mr. Zhang Qingjin, an executive Director; 7% for Mr. Li Yushun and 7% for Mr. Wang Nairen, the Company’s senior management; 7% for Mr. Ru Zhengtao, 7% for Mr. Zhu Xingye (retired) and 7% for Mr. Shang Dewei, the Company’s employees; and 16% for Mr. Li Buwen, the former executive Director. Mr. Liu Xingxu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with the trust agreement.

Based on the shareholdings of Mr. Liu Xingxu as set out above, in the event that the Company undertakes share buy-backs under the Buyback Mandate up to the maximum of 10% of the issued share capital of the Company as permitted by the Buyback Mandate, the shareholdings and voting rights of Mr. Liu Xingxu will increase from 35.30% to 39.22%. Under the Singapore Take-overs Code, in the event that the aggregate shareholdings and voting rights of Mr. Liu Xingxu increases by more than 1% within a 6-month period as a result of a share buy-back by the Company, he will be required to make a take-over offer under Rule 14.1(b).

Pursuant to Note 3(a) of Appendix 2 of the Singapore Take-overs Code, Mr. Liu Xingxu together with Pioneer Top (the “**Liu Concert Parties**”) will be exempted from the requirement to make an offer under Rule 14 of the Singapore Take-overs Code for the Company, in the event that the Liu Concert Parties’ aggregate percentage of total voting rights increases by more than 1% in any 6-month period as a result of a market acquisition under Section 76E of the Companies Act by the Company under the Buyback Mandate, if the following conditions are satisfied:

- (a) the circular to Shareholders on the resolution to approve the proposed grant of the Buyback Mandate to contain advice to the effect that by voting for the resolution, Shareholders are waiving their right to a general offer at the required price from the Liu Concert Parties, who, as a result of the Company buying back its Shares, would increase their voting rights by more than 1% in any period of 6 months; and the names of the Liu Concert Parties and their voting rights at the time of the resolution and after the proposed share buy-back by the Company to be disclosed in the same circular;
- (b) the resolution to approve the proposed grant of the Buyback Mandate to be approved by a majority of those Shareholders present and voting at the 2019 AGM on a poll who could not become obliged to make an offer as a result of the share buy-back by the Company;

- (c) the Liu Concert Parties abstain from voting for, and Mr. Liu Xingxu abstain from recommending Shareholders to vote in favour of, the resolution to approve the proposed grant of the Buyback Mandate;
- (d) within 7 days after passing of the resolution to approve the proposed grant of the Buyback Mandate, each of the Directors to submit to the Council a duly signed form as prescribed by the Council; and
- (e) the Liu Concert Parties have not acquired and will not acquire any Shares between the date on which they know that the announcement of the grant of the Buyback Mandate is imminent and the earlier of:
  - (i) the date on which the authority of the Buyback Mandate expires; and
  - (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Buyback Mandate or it has decided to cease buying back its Shares as the case may be,

if such acquisitions, taken together with the share buy-back by the Company, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding 6-month period.

If the Company has ceased to buy back its Shares under the Buyback Mandate and the increase in the aggregate voting rights held by Mr. Liu Xingxu and his concert parties as a result of the Company buying back its Shares at such time is less than 1%, Mr. Liu Xingxu and his concert parties may acquire further voting rights in the Company. However, any increase in the percentage voting rights held by Mr. Liu Xingxu and his concert parties as a result of the Company buying back its Shares will be taken into account together with any voting rights acquired by Mr. Liu Xingxu and his concert parties (by whatever means) in determining whether Mr. Liu Xingxu and his concert parties' aggregate voting rights in the Company have increased by more than 1% in any 6-month period.

Other than as disclosed above, the Directors are not aware of any facts or factors which suggest or imply that any particular Shareholder is, or may be regarded as, a party acting in concert such that his interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Singapore Take-overs Code would ensue as a result of a purchase or acquisition of Shares by the Company pursuant to the Buyback Mandate.

**Shareholders should note that by voting in favour of the resolution in relation to the proposed grant of the Buyback Mandate, Shareholders are waiving their rights to a general offer from Mr. Liu Xingxu and/or persons acting in concert with him, if any, at the required price, if a share buy-back by the Company results in the aggregate voting rights of Mr. Liu Xingxu and/or persons acting in concert with him, if any, to increase in accordance with the proportions stipulated under Rule 14 of the Singapore Take-overs Code.**

**Shareholders are advised to consult their professional advisers and/or the relevant authorities at the earliest opportunity as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Buyback Mandate.**

## **7. HONG KONG LISTING RULES IMPLICATIONS**

Under the Hong Kong Listing Rules, an issuer shall not purchase its shares on the SEHK at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the SEHK in accordance with the Hong Kong Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules); and (ii) the deadline for the issuer to publish an announcement of its results for any year or half-year under the Hong Kong Listing Rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules), and ending on the date of the results announcement, the issuer may not purchase its shares on the SEHK, unless the circumstances are exceptional. Further, an issuer shall not knowingly purchase its shares from a core connected person and a core connected person shall not knowingly sell shares to the issuer, on the SEHK.

Pursuant to the Hong Kong Listing Rules, the Company shall ensure that after its repurchase of Shares on the SEHK, at least 25% of the total number of issued Shares will remain in the hands of the public.

In undertaking any purchase or acquisition of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that the purchases or acquisitions of Shares will not cause market illiquidity or adversely affect the listing status and orderly trading of the Shares on the SEHK.

**8. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which the Shares have traded on the SEHK during each of the following months were as follows:

<b>Month</b>	<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>
<b>2018</b>		
April	3.29	2.91
May	3.63	3.03
June	3.50	3.13
July	3.50	3.03
August	3.49	3.02
September	3.25	3.01
October	3.32	2.61
November	3.15	2.79
December	2.99	2.37
<b>2019</b>		
January	2.98	2.42
February	2.98	2.72
March	2.92	2.61
April (up to the Latest Practicable Date)	3.09	2.81

**9. REPURCHASES OF SHARES MADE BY THE COMPANY**

During the 6 months prior to the Latest Practicable Date, the Company has not repurchased any Shares on the Stock Exchange.

**10. REPORTING REQUIREMENTS****(I) Hong Kong Listing Rules**

Under the Hong Kong Listing Rules, after a listed issuer has made a purchase of its shares whether on the SEHK or otherwise, the listed issuer shall:

- (a) submit for publication to the SEHK not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase of shares (whether on the SEHK or otherwise), the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases, where relevant, and shall confirm that those purchases which were made on the SEHK were made in accordance with the Hong Kong Listing Rules and if the issuer's primary listing is on the SEHK, that there have been no material changes to the particulars contained in the explanatory statement issued by the listed issuer in relation to the mandate pursuant to which such purchase of shares is made. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the SEHK may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the SEHK; and
- (b) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the SEHK or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The director's report shall contain reference to the purchases made during the year and the reasons for making such purchases.

## **(II) Companies Act**

Under the Companies Act, where a public company purchases or acquires its shares, the directors of the company shall:

- (a) lodge with the Registrar (as defined in the Companies Act) a copy of the shareholders' ordinary resolution to approve any purchase or acquisition of shares by the company, within 30 days after the passing of such resolution; and
- (b) lodge a notice of purchase or acquisition of shares in the prescribed form, within 30 days after the purchase or acquisition of such shares. Such notification shall include details of the date of the purchase or acquisition, the number of shares purchased or acquired, the number of shares cancelled, the number of shares held as treasury shares, the company's issued share capital before the purchase or acquisition, the company's issued share capital after the purchase or acquisition, the amount of consideration paid by the company for the purchase or acquisition of the shares, whether the shares were purchased or acquired out of profits or capital of the company, and such other particulars as may be required in the prescribed form.

The issuer shall procure that any broker appointed by the issuer to effect the purchase of its shares shall disclose to the SEHK such information with respect to purchases made on behalf of the issuer as the SEHK may request.

## 11. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Hong Kong Listing Rules) have any present intention to sell any Shares to the Company in the event that the grant of the Buyback Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Hong Kong Listing Rules) of the Company that they have any present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the grant of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the SEHK to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of Singapore.

## 12. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### (I) Disclosure of Directors' Interests

As at the Latest Practicable Date, the interests of the Directors in the Shares, based on the information in the register of directors' shareholdings maintained in accordance with Section 164 of the Companies Act and Section 352 of the SFO, were set out below:

	Beneficial Interest		Deemed Interest	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<b>Directors</b>				
Mr. Liu Xingxu	600,000	0.05	413,007,999 <sup>(a)</sup>	35.25
Ms. Yan Yunhua	300,000	0.02	276,465,000 <sup>(b)</sup>	23.60
Mr. Ong Kian Guan	100,000	0.01	–	–

*Notes:*

- (a) These Shares were held by Pioneer Top. Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries (including Mr. Zhang Qingjin) under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Mr. Liu Xingxu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Pioneer Top.
- (b) These shares were held by Go Power. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power and held the remaining 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement dated 26 July 2016. Pursuant to the trust agreement, Ms. Yan Yunhua is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management of Go Power.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive of the Company nor their associates had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 164 of the Companies Act and Section 352 of the SFO.

**(II) Disclosure of Substantial Shareholders' Interests**

As at the Latest Practicable Date, the following parties had interests of 5% or more in the issued Shares and underlying Shares, according to the register of interests required to be kept by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO:

**Long positions**

Name of substantial shareholders	Capacity	Number of issued ordinary Shares interested	Approximate percentage of the Company's issued share capital
Pioneer Top <sup>(a)</sup>	Beneficial owner	413,007,999	35.25%
Go Power <sup>(b)</sup>	Beneficial owner	276,465,000	23.60%
Nitro Capital Limited <sup>(c)</sup>	Beneficial owner	112,640,000	9.61%
Primavera Capital (Cayman) Fund I L.P. <sup>(c)</sup>	Interest of controlled corporation	112,640,000	9.61%

\* The shareholding percentage represents the number of issued ordinary shares interested divided by the number of the issued Shares as at the Latest Practicable Date.



*Notes:*

- (a) Pioneer Top is an investment holding company established in the BVI. Mr. Liu Xingxu beneficially owned 42% of the equity interest in Pioneer Top, and held the remaining 58% of the equity interest in Pioneer Top in trust for 7 beneficiaries under a trust agreement dated 26 July 2016, including 7% for Mr. Zhang Qingjin, the Company's Chief Executive Officer and an executive Director; 7% for Mr. Li Yushun and 7% for Mr. Wang Nairen, the Company's senior management; 7% for Mr. Ru Zhengtao, 7% for Mr. Zhu Xingye (retired) and 7% for Mr. Shang Dewei, the Company's employees; and 16% for Mr. Li Buwen, the former executive Director. Mr. Liu Xingxu has the absolute discretion to exercise the voting rights held by Pioneer Top in the Company in accordance with the trust agreement.
- (b) Go Power is an investment holding company established in the BVI. Ms. Yan Yunhua beneficially owned 12.74% of the equity interest in Go Power and held the remaining 87.26% of the equity interest in Go Power in trust for a total of 1,463 beneficiaries under a trust agreement dated 26 July 2016. Ms. Yan Yunhua has the absolute discretion to exercise the voting rights held by Go Power in the Company in accordance with the trust agreement.
- (c) Nitro Capital Limited is an investment holding company established in the Cayman Islands and is a wholly-owned subsidiary of Primavera Capital (Cayman) Fund I L.P.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the Directors and chief executive of the Company whose interests are set out in the section headed "Disclosure of Directors' Interests" above, had an interest or a short position in the Shares, underlying shares or debentures of the Company that was required to be recorded in the register maintained by the Company pursuant to Section 88 of the Companies Act and Section 336 of the SFO.

*Set out below are details of the Directors who will retire and offer themselves for re-election at the 2019 AGM according to the Constitution.*

**(1) MR. LIU XINGXU**

**Position and experience**

**Mr. Liu Xingxu** (“**Mr. Liu**”), aged 64, is principally in charge of the Group’s overall strategic direction as well as the management of the day-to-day business operations. Mr. Liu was appointed as an executive Director on 26 July 2006. He is also the Chairman of the Board and a member of the Nomination Committee of the Company. Mr. Liu has over 20 years of experience in the chemical fertiliser industry. He is currently the expert consultant of the Advisory Committee of China Nitrogen Fertiliser Industry Association. Mr. Liu was appointed the factory head of Xinxiang Fertiliser Factory, a state-owned enterprise, in charge of factory operations in 1994 and then became the chairman and the general manager of Henan Xinlianxin Chemicals Group Co., Ltd. from July 2003 to July 2006. He has been the general manager of Henan XLX, since July 2006. In February 2003, Mr. Liu was awarded the “Provincial Safe Production Advanced Worker” by Safe Production Committee of Henan Province and Personnel Bureau of Henan Province for his outstanding performance in safety work. In April 2004, he was awarded the “Henan Province Labour Model (Advanced Worker)” and in 2005, he was awarded the “Henan Province Outstanding Private Enterprise Entrepreneur” by the People’s Government of Henan Province. He was also the winner of “National Labor Day Medal” in 2009 issued by All China Federation of Trade Unions, and was awarded the “China Petroleum & Chemical Outstanding Private Enterprises Entrepreneurs Innovation Award” in May 2014. In 2015, he was awarded the “Henan Economic Celebrity of the year 2014” and “Model Worker of China”. In 2017, Mr. Liu was awarded the “Most Excellent Citizen in Xinxiang”. Mr. Liu graduated from Xinxiang Broadcasting and Television University in July 1986 with a Diploma in Arts. In 2006, he completed EDP (Executive Development Programs) courses from Guanghua School of Management, Peking University. In 2010, Mr. Liu was awarded the qualification of “Senior Economist” by the People’s Government of Henan Province and the EMBA degree from Tsinghua University.

Mr. Liu had not held other directorships in the last three years up to and including the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

**Length of service**

Mr. Liu has entered into a director's service contract with the Company for a term of three years commencing on 28 March 2017, unless terminated in accordance with the provisions of the service contract by either party giving to the other not less than six months' prior notice in writing. Mr. Liu is also subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Constitution.

**Relationships**

Mr. Liu is the controlling shareholder and a director of Pioneer Top Holdings Limited ("**Pioneer Top**"), a substantial Shareholder. Save as disclosed above and disclosed in the immediately following section "Interests in Shares", Mr. Liu does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Hong Kong Listing Rules), or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

**Interests in Shares**

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Liu had the following interests in the Shares:

- (a) Mr. Liu was deemed to be interested in 413,607,999 Shares, representing approximately 35.30% of the issued share capital of the Company, which were held by Pioneer Top. Mr. Liu beneficially owned approximately 42% of the equity interest in Pioneer Top and held the remaining approximately 58% of the equity interest in Pioneer Top in trust for seven beneficiaries (including approximately 7% for Mr. Zhang Qingjin, an executive Director) under a trust agreement dated 26 July 2016 (the "Trust Agreement"). Pursuant to the Trust Agreement, Mr. Liu is irrevocably granted the absolute discretion to exercise the voting rights and the rights to the day-to-day management in Pioneer Top; and
- (b) Mr. Liu beneficially held 600,000 Shares, representing approximately 0.05% of the issued share capital of the Company.

Save as disclosed above, Mr. Liu was not interested or deemed to be interested in any Shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

**Director's emoluments**

Pursuant to the abovementioned service contract, Mr. Liu is entitled to receive a fixed annual salary of RMB900,000, which is determined with reference to the prevailing market practice, the Company's remuneration policy, and his duties and responsibilities within the Group. Mr. Liu is also entitled to 40% of the aggregate discretionary annual incentive bonus for the three executive Directors for a sum based on the audited profit of the Group after tax and non-controlling interest but before any extraordinary or exceptional items for each financial year. For the year ended 31 December 2018, Mr. Liu received an annual incentive bonus of RMB7,020,000.

**Other information and matters that need to be disclosed or brought to the attention of the Shareholders**

As far as the Directors are aware, there is no information on Mr. Liu that is required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Mr. Liu that need to be brought to the attention of the Shareholders.

**(2) MR. ZHENG JIAQI****Position and experience**

**Mr. Zheng Jiaqi** (“**Mr. Zheng**”), aged 35, has been appointed as a non-executive Director since 16 May 2018. Mr. Zheng currently serves as Managing Director at Primavera Capital Group (“**Primavera**”, a leading China-based investment firm managing multi-billions worth of RMB and United States Dollar funds). He joined Primavera in 2010 as a founding member and sits on the board of a series of Primavera portfolio companies. Prior to joining Primavera, Mr. Zheng was at Investment Banking Department of China International Capital Corporation Limited from 2007 to 2010, working on both capital market transactions and mergers and acquisitions. Mr. Zheng received a Master in Finance from Lancaster Management School in 2006 and a Bachelor of Arts in Economics from The University of Manchester in 2005. Nitro Capital Limited, being the Company’s substantial Shareholder holding 9.61% of the Company’s issued shares, is wholly-owned by Primavera Capital (Cayman) Fund I L.P., which in turn is within Primavera Capital Group.

Save as disclosed above, Mr. Zheng had not held other directorships in the last three years up to and including the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

**Length of service**

Pursuant to the existing appointment letter issued by the Company to Mr. Zheng, his initial term of office is three years commencing on 16 May 2018, unless terminated by either party giving to the other not less than three months’ prior notice in writing or in accordance with other terms of the appointment letter. Mr. Zheng is also subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Constitution.

**Relationships**

Save as disclosed in the above section “Position and experience” and as far as the Directors are aware, Mr. Zheng does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Hong Kong Listing Rules), or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

**Interests in Shares**

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Zheng was not interested or deemed to be interested in any Shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

**Director’s emoluments**

Mr. Zheng does not receive any remuneration for his appointment as a non-executive director of the Company. However, all the fees and expenses properly and reasonably incurred by him in discharging his duties to the Company shall be borne by the Company.

**Other information and matters that need to be disclosed or brought to the attention of the Shareholders**

As far as the Directors are aware, there is no information on Mr. Zheng that is required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Mr. Zheng that need to be brought to the attention of the Shareholders.

**(3) MR. ONG KIAN GUAN****Position and experience**

**Mr. Ong Kian Guan** (“**Mr. Ong KG**”), aged 51, has been appointed as an independent non-executive Director since 11 May 2007. He is also the chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee of the Company. He is a practising member and a fellow of the Institute of Singapore Chartered Accountants, and also a partner of Baker Tilly TFW LLP. He has more than 20 years of professional experience in financial audits of multinational corporations and public listed companies from diverse industries. He is currently an independent director of Alliance Mineral Assets Limited and Serrano Limited, both companies are listed on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), and also the lead independent director of Weiye Holdings Limited (a company listed on the SGX-ST and the Main Board of SEHK), and an independent non-executive director of RMH Holdings Limited and IAG Holdings Limited (both companies are listed on the GEM of SEHK). Mr. Ong KG graduated from the Nanyang Technological University in Singapore with a Bachelor of Accountancy degree in May 1992.

Save as disclosed above, Mr. Ong KG had not held other directorships in the last three years up to and including the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

**Length of service**

Pursuant to the existing appointment letter issued by the Company to Mr. Ong KG, his current term of office is three years commencing on 28 March 2017, unless terminated by either party giving to the other not less than three months’ prior notice in writing or in accordance with other terms of the appointment letter. Mr. Ong KG is also subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Constitution.

**Relationships**

As far as the Directors are aware, Mr. Ong KG does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Hong Kong Listing Rules), or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

**Interests in Shares**

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Ong KG beneficially held 100,000 Shares, representing approximately 0.01% of the total issued share capital of the Company.

Save as disclosed above, Mr. Ong KG was not interested or deemed to be interested in any Shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

**Director's emoluments**

Pursuant to the existing appointment letter, Mr. Ong KG is entitled to receive an annual director's fee of S\$60,000. All the fees and expenses properly and reasonably incurred by him in discharging his duties to the Company shall be borne by the Company. For the year ended 31 December 2018, Mr. Ong KG received a director's fee of S\$60,000.

**Other information and matters that need to be disclosed or brought to the attention of the Shareholders**

As far as the Directors are aware, there is no information on Mr. Ong KG that is required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Mr. Ong KG that need to be brought to the attention of the Shareholders.



**(4) MR. LI HONGXING****Position and experience**

**Mr. Li Hongxing** (“**Mr. Li**”), aged 43, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company since 16 May 2018. He has been the Managing Director of China Reform Overseas Hongkong Company Limited since 2016. Mr. Li served as the head of energy, mining and equipment (corporate finance) in CITIC CLSA Securities from 2010 to 2016; and an equity analyst of HSBC with a focus on Asian oil and chemicals from 2007 to 2010. Before that, Mr. Li had worked in BP Group, Dongguan Nokia Mobile Phones Co., Ltd. and PricewaterhouseCoopers China. Mr. Li received a Master of Business Administration from Australian Graduate School of Management in 2011 and a Bachelor of Arts in International Business from the Guangdong University of Foreign Studies in 1997.

Save as disclosed above, Mr. Li had not held other directorships in the last three years up to and including the Latest Practicable Date in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

**Length of service**

Pursuant to the existing appointment letter issued by the Company to Mr. Li, his initial term of office is three years commencing on 16 May 2018, unless terminated by either party giving to the other not less than three months’ prior notice in writing or in accordance with other terms of the appointment letter. Mr. Li is also subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Constitution.

**Relationships**

As far as the Directors are aware, Mr. Li does not have any relationships with other Directors, senior management, substantial Shareholders (as defined in the Hong Kong Listing Rules), or controlling Shareholders (as defined in the Hong Kong Listing Rules) of the Company.

**Interests in Shares**

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Li was not interested or deemed to be interested in any Shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

**Director's emoluments**

Pursuant to the abovementioned appointment letter, Mr. Li is entitled to receive an annual director's fee of S\$50,000. All the fees and expenses properly and reasonably incurred by him in discharging his duties to the Company shall be borne by the Company.

**Other information and matters that need to be disclosed or brought to the attention of the Shareholders**

As far as the Directors are aware, there is no information on Mr. Li that is required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Hong Kong Listing Rules; and there are no other matters concerning Mr. Li that need to be brought to the attention of the Shareholders.

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## NOTICE OF THE 2019 AGM

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**CHINA XLX FERTILISER LTD.**

**中國心連心化肥有限公司 \***

*(Incorporated in Singapore with limited liability)*

**(Company Registration No. 200610384G)**

**(Hong Kong Stock Code: 1866)**

**NOTICE IS HEREBY GIVEN** that the thirteenth annual general meeting (the “**2019 AGM**”) of China XLX Fertiliser Ltd. (the “**Company**”) will be held at Drawing Room, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 24 May 2019 at 9:30 a.m., to transact the following businesses:

### **AS ORDINARY BUSINESS**

1. To receive and adopt the audited financial statements of the Company and the directors’ statement and auditor’s report for the year ended 31 December 2018. (Resolution 1)
2. To declare a final dividend of RMB10 cents per ordinary share of the Company for the year ended 31 December 2018. (Resolution 2)
3. To approve directors’ fees of S\$210,000 for the year ended 31 December 2018 to be divisible among the directors of the Company as they may agree. (Resolution 3)
4. To re-elect Mr. Liu Xingxu, a director retiring under Article 89 of the Constitution of the Company, as an executive director of the Company. (Resolution 4)
5. To re-elect Mr. Zheng Jiaqi, a director retiring under Article 88 of the Constitution of the Company, as a non-executive director of the Company. (Resolution 5)
6. To re-elect Mr. Ong Kian Guan, a director retiring under Article 89 of the Constitution of the Company, as an independent non-executive director of the Company. (Resolution 6)
7. To re-elect Mr. Li Hongxing, a director retiring under Article 88 of the Constitution of the Company, as an independent non-executive director of the Company. (Resolution 7)
8. To re-appoint Ernst & Young LLP as auditor of the Company and to authorise the board of directors to fix the auditor’s remuneration. (Resolution 8)

*\* for identification purpose only*

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## NOTICE OF THE 2019 AGM

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### AS SPECIAL BUSINESS

9. To consider, and if thought fit, to pass the following ordinary resolution (with or without amendments):

“That:

- (A) for the purposes of Section 76E of the Companies Act (Chapter 50) of Singapore (the “**Companies Act**”), the exercise of the directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or acquire shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate 10% of the total number of issued Shares as at the date of passing this resolution, at such price(s) as may be determined by the Directors from time to time less than the Maximum Price (as hereafter defined), by way of on-market purchase(s) (“**Market Purchase**”), transacted on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) (or any other securities exchange on which the Shares may for the time being be listed and quoted, recognised by the Securities and Futures Commission of Hong Kong and the SEHK for this purpose) through the ready markets, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act, the Rules Governing the Listing of Securities on the SEHK (the “**Hong Kong Listing Rules**”), the Singapore Code on Take-overs and Mergers, the Code on Takeovers and Mergers and other rules and regulations issued by the Securities and Futures Commission of Hong Kong as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Buyback Mandate**”);
- (B) such authority shall continue in force during the period from the passing of this resolution until the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Constitution of the Company (the “**Constitution**”) or any applicable laws of Singapore to be held;
  - (iii) the date on which the purchases or acquisitions of Shares pursuant to the Buyback Mandate have been carried out to the full extent mandated; or
  - (iv) the passing of an ordinary resolution by the shareholders of the Company (the “**Shareholders**”) in general meeting revoking, varying or renewing the authority given to the Directors by this resolution;

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## NOTICE OF THE 2019 AGM

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- (C) for the purpose of this resolution,

“**Maximum Price**” means 105% of the Average Closing Price (hereinafter defined), excluding related expenses of the purchase or acquisition of a Share by way of a Market Purchase; and

“**Average Closing Price**” means the average of the closing market prices of a Share for the 5 consecutive market days (being the days on which the SEHK is open for trading of securities) on which the Shares are transacted on the SEHK immediately preceding the date of the Market Purchase by the Company, and deemed to be adjusted in accordance with the Hong Kong Listing Rules for any corporate action which occurs after the relevant 5-market day period; and

- (D) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.”

(Resolution 9)

10. To consider, and if thought fit, to pass the following ordinary resolution (with or without amendments):

“That pursuant to Section 161 of the Companies Act and the Hong Kong Listing Rules, approval be and is hereby given to the Directors to:

- (A) (i) allot, issue and deal with Shares whether by way of rights, bonus or otherwise;
- (ii) make or grant offers, agreements or options that might or would require Shares to be issued or other transferable rights to subscribe for or purchase Shares (collectively, “**Instruments**”) including but not limited to the creation and issue of warrants, debentures or other Instruments convertible into Shares; and/or
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

at any time and upon such terms and conditions and to such persons as the Directors may in their absolute discretion deem fit; and

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## NOTICE OF THE 2019 AGM

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- (B) the approval in paragraph (A) shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements or options (including warrants, debentures or other Instruments convertible into Shares) which might require Shares to be issued either during or after the end of the Relevant Period (as hereinafter defined);

provided always, that subject to any applicable regulations as may be prescribed by the SEHK:

- (1) the aggregate number of Shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution), otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of the outstanding conversion rights attaching to any convertible securities issued by the Company, which are convertible into Shares; (iii) the exercise of options under any option scheme of similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and its subsidiaries and/or other eligible persons of Shares or rights to acquire Shares; or (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of the cash payment for a dividend on Shares in accordance with the Constitution, shall not exceed 20% of the total number of issued Shares as at the date of passing this resolution.
- (2) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
- (3) for the purpose of this resolution,

“**Relevant Period**” means the period from the passing of this resolution until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Constitution or any applicable laws of Singapore to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing the authority given to the Directors by this resolution; and

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## NOTICE OF THE 2019 AGM

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“**Rights Issue**” means an offer of Shares or other securities of the Company open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

(Resolution 10)

11. To consider, and if thought fit, to pass the following ordinary resolution (with or without amendments):

“That conditional upon the passing of ordinary resolutions as set out in ordinary resolutions nos. 9 and 10 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the ordinary resolution no. 10 of the Notice be and is hereby extended by the addition to the total number of Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of the number of Shares repurchased by the Company under the Buyback Mandate referred to in the ordinary resolution no. 9 of the Notice, provided that such number of repurchased shares shall not exceed 10% of the total number of issued Shares as at the date of passing this resolution.”

(Resolution 11)

By order of the Board

**Liu Xingxu**

*Chairman*

18 April 2019

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## NOTICE OF THE 2019 AGM

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*Notes:*

- a. A member entitled to attend and vote at the 2019 AGM is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- b. The proxy form must be deposited at the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time scheduled for holding the 2019 AGM (i.e., not later than 9:30 a.m. on 22 May 2019) or any adjournment thereof.
- c. If the member is a corporation, the instrument appointing a proxy must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.
- d. To ascertain Shareholders' eligibility to attend and vote at the 2019 AGM, the Register of Members of the Company will be closed from 21 May 2019 to 24 May 2019 (both days inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the 2019 AGM, unregistered holders of Shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited (at its address shown in Note b above), for registration no later than 4:30 p.m. on 20 May 2019.
- e. To ascertain Shareholders' entitlement to the proposed final dividend upon passing of ordinary resolution no. 2 set out in this notice, the Register of Members of the Company will be closed from 11 June 2019 to 13 June 2019 (both days inclusive), during which period no share transfer will be effected. In order to qualify for entitlement to the proposed final dividend, unregistered holders of Shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited (at its address shown in Note b above) for registration no later than 4:30 p.m. on 10 June 2019.
- f. The dividend, if approved at the 2019 AGM, will be paid to the Shareholders whose names appear on the Register of Members of the Company on 13 June 2019 and will be paid on 25 July 2019.
- g. All times and dates referred to in this notice refer to Hong Kong local times and dates.



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## NOTICE OF THE 2019 AGM

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### Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 2019 AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the proxy(ies) and/or representative(s) appointed for the 2019 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 2019 AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This circular, in both English and Chinese versions, is available on the Company's website at [www.chinaxlx.com.hk](http://www.chinaxlx.com.hk).*

*Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the “**Corporate Communications**”).*

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