

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**心连心**

**CHINA XLX FERTILISER LTD.**

**中國心連心化肥有限公司 \***

*(Incorporated in Singapore with limited liability)*

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

## **Discloseable Transactions – Procurement Contracts**

### **PROCUREMENT CONTRACTS**

On 31 March 2023, Jiangxi Shenleng (an indirect subsidiary of the Company) entered into (i) the Domestic Equipments Procurement Contract to procure Domestic Equipments (including design services in relation thereto) and on-site technology services for Domestic Equipments and Overseas Equipments, at a consideration of RMB345,220,000; and (ii) the Overseas Equipments Procurement Contract to procure Overseas Equipments, at a consideration of EUR10,034,000 and USD3,580,000 respectively.

### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14.22 and 14.23 of the Listing Rules, the transactions contemplated under the Procurement Contracts shall be aggregated. As the highest applicable percentage ratio for the transactions under the Procurement Contracts calculated on an aggregated basis as per Rule 14.07 of the Listing Rules is higher than 5% but lower than 25%, the transactions contemplated under the Procurement Contracts constitute discloseable transactions of the Company. Accordingly, such transactions are subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Other contracting parties of the Procurement Contracts are third parties independent from the Company and its connected persons. The transactions contemplated under the Procurement Contracts do not constitute connected transactions of the Company under the Listing Rules.

## PROCUREMENT CONTRACTS

On 31 March 2023, Jiangxi Shenleng (an indirect subsidiary of the Company) entered into (i) the Domestic Equipments Procurement Contract to procure Domestic Equipments (including design services in relation thereto) and on-site technology services for Domestic Equipments and Overseas Equipments, at a consideration of RMB345,220,000; and (ii) the Overseas Equipments Procurement Contract to procure Overseas Equipments, at a consideration of EUR10,034,000 and USD3,580,000 respectively.

The principal terms of the Procurement Contracts are summarized as below:

### (I) DOMESTIC EQUIPMENTS PROCUREMENT CONTRACT

<b>Date</b>	:	31 March 2023
<b>Parties</b>	:	Jiangxi Shenleng (as the purchaser); and  Air Liquide Yantai Company (as the vendor)
<b>Subject Matter of the Procurement</b>	:	Domestic Equipments (including the design services in relation thereto) and on-site technology services for Domestic Equipments and Overseas Equipments.
<b>Consideration</b>	:	The total consideration is RMB345,220,000, which mainly consists of Domestic Equipments (including the design services in relation thereto) of RMB340,207,000, as well as on-site technology services for Domestic Equipments and Overseas Equipments of RMB5,013,000.
<b>Payment Terms</b>	:	The payment of the consideration are divided into four parts:

#### (A) Prepayment:

First prepayment: the purchaser shall pay 10% of the consideration under the Domestic Equipments Procurement Contract (being RMB34,522,000) to the vendor within 30 days after the Domestic Equipments Procurement Contract came into effect and the purchaser having received the relevant documents;

Second prepayment: the purchaser shall pay 5% of the consideration under the Domestic Equipments Procurement Contract (being RMB17,261,000) to the vendor within 30 days after making the first payment and having received the relevant documents.

**(B) Progress payment:**

The total amount of progress payment payable by the purchaser to the vendor accounts for 35% of the consideration under the Domestic Equipments Procurement Contract (being RMB120,827,000). The details of the payment progress is as follow:

- (1) the purchaser shall pay 5% of the consideration (being RMB17,261,000) to the vendor within 90 days after the Domestic Equipments Procurement Contract came into effect;
- (2) the purchaser shall pay 10% of the consideration (being RMB34,522,000) to the vendor within 120 days after the Domestic Equipments Procurement Contract came into effect;
- (3) the purchaser shall pay 5% of the consideration (being RMB17,261,000) to the vendor within 150 days after the Domestic Equipments Procurement Contract came into effect;
- (4) the purchaser shall pay 10% of the consideration (being RMB34,522,000) to the vendor within 180 days after the Domestic Equipments Procurement Contract came into effect;
- (5) the purchaser shall pay 5% of the consideration (being RMB17,261,000) to the vendor within 240 days after the Domestic Equipments Procurement Contract came into effect.

**(c) Delivery payment:**

The delivery payment payable by the purchaser to the vendor accounts for 42% of the consideration under the Domestic Equipments Procurement Contract (being RMB144,992,400), and should be paid to the vendor within 30 days after the vendor having delivered each lot of equipments on site and the relevant documents to the purchaser. The details of payment progress is as follows:

- (1) Upon the delivery of the absorber, air-cooling tower and water-cooling tower by the vendor, the purchaser shall pay 10% of the consideration under the Domestic Equipments Procurement Contract (being RMB34,522,000) to the vendor;
- (2) Upon the delivery of column by the vendor, the purchaser shall pay 20% of the consideration under the Domestic Equipments Procurement Contract (being RMB69,044,000) to the vendor;
- (3) Upon the delivery of the main air compressor, booster and the special invoice for the full value-added contract price by the vendor, the purchaser shall pay 12% of the consideration under the Domestic Equipments Procurement Contract (being RMB41,426,400) to the vendor.

**(d) Acceptance payment:**

The acceptance payment payable by the purchaser to the vendor accounts for 8% of the consideration under the Domestic Equipments Procurement Contract (being RMB27,617,600), and should be paid in two installments in the following manner:

- (1) the purchaser shall pay 7% of the consideration under the Domestic Equipments Procurement Contract (being RMB24,165,400) to the vendor within 30 days after the acceptance of the air separation unit and the vendor having delivered the relevant documents to the purchaser;
- (2) the purchaser shall pay 1% of the consideration under the Domestic Equipments Procurement Contract (being RMB3,452,200) to the vendor within 30 days after the acceptance of rare gas unit and the vendor having delivered the relevant documents to the purchaser.

**Conditions** : The Domestic Equipments Procurement Contract is subject to the signing by the legal representatives or authorized representatives of both parties and affixed with the official seal, and will come into force the same time with Overseas Equipments Procurement Contract.

The aforesaid conditions have already been fulfilled on the date of this announcement, and the Domestic Equipments Procurement Contract has come into effect on the date of this announcement accordingly.

## **(II) OVERSEAS EQUIPMENTS PROCUREMENT CONTRACT**

**Date** : 31 March 2023

**Parties** : Jiangxi Shenleng (as the purchaser);  
Shenleng Energy (as the purchaser's agent)  
Air Liquide Singapore Company (as the vendor); and  
Air Liquide Yantai Company (as the vendor's partner)

**Subject Matter of the Procurement** : Overseas Equipments

**Consideration** : The consideration under the Overseas Equipments Procurement Contract amounts to an aggregate of EUR10,034,000 and USD3,580,000.

- Payment Terms** :
- (1) the purchaser’s agent shall, on behalf of the purchaser, pay 10% of the consideration under the Overseas Equipments Procurement Contract (being EUR1,003,400 and USD358,000) as the first prepayment to the vendor within 30 days after the Overseas Equipments Procurements came into force and having received relevant documents from the vendor;
  - (2) the purchaser’s agent shall, on behalf of the purchaser, pay 5% of the consideration under the Overseas Equipments Procurement Contract, (being EUR501,700 and USD179,000) to the vendor within 30 days after making the first prepayment and having received the relevant documents from the vendor;
  - (3) the purchaser’s agent shall, on behalf of the purchaser, pay 30% of the consideration under the Overseas Equipments Procurement Contract, (being EUR3,010,200 and USD1,074,000) to the vendor within six months after Overseas Equipments Procurement Contract came into force and the vendor having delivered the relevant documents with the assistance of the vendor’s partner;
  - (4) the purchaser’s agent shall, on behalf of the purchaser, pay 47% of the consideration under the Overseas Equipments Procurement Contract on pro rata basis based on the value of each lot of equipments shipped by the vendor (being EUR4,715,980 and USD1,682,600) after the vendor has delivered the relevant documents with the assistance of the vendor’s partner;
  - (5) the purchaser’s agent shall, on behalf of the purchaser, pay 7% of the consideration under the Overseas Equipments Procurement Contract (being EUR702,380 and USD250,600) within 30 days after the acceptance of the air separation unit and the vendor having delivered the relevant documents with the assistance of the vendor’s partner;

- (6) the purchaser's agent shall, on behalf of the purchaser, pay 1% of the consideration under the Overseas Equipments Procurement Contract (being EUR100,340 and USD35,800) within 30 days after the acceptance of the rare gas unit and the vendor having delivered the relevant documents with the assistance of the vendor's partner.

**Conditions** : The Overseas Equipments Procurement Contract is subject to the signing by the legal representatives or authorized representatives of the parties and affixed with the official seal, and will become effective the same time with Domestic Equipments Procurement Contract.

The aforesaid conditions have already been fulfilled on the date of this announcement, and the Overseas Equipments Procurement Contract has come into effect in the date of this announcement accordingly.

The vendor and vendor's partner shall be jointly and severally liable for their obligations under the Overseas Equipments Contract.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT CONTRACTS**

The considerations under the Procurement Contracts were determined by the purchaser and the respective vendors at arm's length negotiations after considering (i) the price of similar equipments on the market; and (ii) the reasons and benefits for the Group to enter into the Procurement Contracts as stated herein. The considerations under the Procurement Contracts will be funded by the Group's internal resources. It is expected that the considerations under the Procurement Contracts will not have any material impact on the cash flow and operations of the Company.

Entering into the Procurement Contracts will help to further expand the scale of the Company's air separation business, and improve the level of profitability of the Company while increasing the production capacity of air separation gases at the same time.

The Board considered that the transactions under the Procurement Contracts are conducted on normal commercial terms in the ordinary and usual course of business of the Group, and the terms of the Procurement Contracts are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **Shenleng Energy**

Shenleng Energy is a joint stock limited company incorporated in the PRC, which is a comprehensive gas supplier that integrates gas research and development, production, sales, transportation and service. It is engaged in the businesses of on-site gas supply and tail gas recovery and utilization, as well as the production, sales and transportation of high-purity liquid carbon dioxide, liquid oxygen/nitrogen/argon, carbon monoxide, krypton, xenon, special gas and other products. The shares of Shenleng Energy are listed on the National Equities Exchange and Quotations (stock code: 831177). As at the date of publication of this announcement, the Company indirectly holds approximately 62.23% of the issued share capital of Shenleng Energy. The remaining 37.77% shareholdings of Shenleng Energy are held by the investing public.

### **Jiangxi Shenleng**

Jiangxi Shenleng is a company incorporated in the PRC with limited liability and is principally engaged in the manufacturing and sales of gas. As at the date of publication of this announcement, Shenleng Energy holds 100% equity interests of Jiangxi Shenleng.

### **Air Liquide Singapore Company**

Air Liquide Singapore Company was established in September 2008. It is a wholly-owned subsidiary of Air Liquide Group, serving the most important engineering and manufacturing bases in the world. It is principally engaged in the design and consulting services of air separation Equipments.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Air Liquide Singapore Company and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

### **Air Liquide Yantai Company**

Air Liquide Yantai Company was established in August 2020. It is a wholly-owned subsidiary of Air Liquide Group, it is also the most important engineering and manufacturing base of the Group in the future decades that is "Based on China, Serving the world" (立足中國,服務全球). It is principally engaged in the design and manufacturing of air separation Equipments.

Air Liquide Singapore Company and Air Liquide Yantai Company are members of the same group. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Air Liquide Yantai Company and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

## IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 14.22 and 14.23 of the Listing Rules, the transactions contemplated under the Procurement Contracts shall be aggregated. As the highest applicable percentage ratio for the transactions under the Procurement Contracts calculated on an aggregated basis as per Rule 14.07 of the Listing Rules is higher than 5% but lower than 25%, the transactions contemplated under the Procurement Contracts constitute discloseable transactions of the Company. Accordingly, such transactions are subject to the reporting and announcement requirements only but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The transactions contemplated under the Procurement Contracts do not constitute connected transactions under the Listing Rules.

## DEFINITIONS

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

“Air Liquide Singapore Company”	Air Liquide Global E&C Solutions Singapore Pte. LTD
“Air Liquide Yantai Company”	Air Liquide Engineering Manufacturing (Yantai) Co., Ltd.* (液化空氣工程製造(烟台)有限公司)
“Board”	the board of Directors
“Company”	China XLX Fertiliser Ltd., a company incorporated in Singapore with limited liability whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1866)
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Domestic Equipments”	The domestically made equipments, materials and spare parts that constitute the air separation unit of Jiangxi Xinlianxin Industrial Chain Extended Gas Supply Project and its supporting rare gas unit as stipulated in the Procurement Contracts
“Domestic Equipments Procurement Contract”	A contract entered into by Jiangxi Shenleng and Air Liquide Yantai Company on 31 March 2023, pursuant to which Jiangxi Shenleng will procure the Domestic Equipments (including the design services in relation thereto) and the on-site technology services for Domestic Equipments and Overseas Equipments from Air Liquide Yantai Company

“Director(s)”	the director(s) of the Company
“Jiangxi Shenleng”	Jiangxi Shenleng Gas Co., Ltd.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Overseas Equipments”	The overseas made equipments, materials and spare parts that constitute the air separation unit of Jiangxi Xinlianxin Industrial Chain Extended Gas Supply Project and its supporting rare gas unit as stipulated in the Procurement Contracts
“Overseas Equipments Procurement Contract”	A contract entered into by Jiangxi Shenleng, Shenleng Energy, and Air Liquide Singapore Company and Air Liquide Yantai Company on 31 March 2023, pursuant to which Jiangxi Shenleng will procure the Overseas Equipments from Air Liquide Singapore Company
”Procurement Contracts”	Collective term for Domestic Equipments Procurement Contract and Overseas Equipments Procurement Contract
”Shenleng Energy”	Henan Xinlianxin Shenleng Energy Co., Ltd.

By Order of the Board  
**China XLX Fertiliser Ltd.**  
**Liu Xingxu**  
*Chairman*

Hong Kong, 31 March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Liu Xingxu, Mr. Zhang Qingjin and Ms. Yan Yunhua; the independent non-executive directors of the Company are Mr. Ong Kian Guan, Mr. Li Shengxiao, Mr. Ong Wei Jin and Mr. Li Hongxing.*

\* *for identification purpose only*