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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)

(Hong Kong Stock Code: 1866)

**POSSIBLE MAJOR TRANSACTION
IN RELATION TO THE FRAMEWORK AGREEMENT ON
DISPOSAL OF TARGET SHARES**

POSSIBLE DISPOSAL

On 10 May 2024, Xinjiang XLX, the Purchasers, the Guarantors and the Pledgor entered into the Framework Agreement, pursuant to which the Purchasers conditionally agreed to acquire, and Xinjiang XLX conditionally agreed to sell, 100% of the equity interest of the Target Company for a consideration of approximately RMB1.374 billion, while the Guarantors agreed to provide guarantees, and the Pledgor agreed to provide a pledge over Henan XLX Shares, to secure the full payment of Consideration by the Purchasers. The Possible Disposal is subject to, among other things, the entering of the Definitive Transaction Documents by the Parties to the Framework Agreement. If the Possible Disposal materializes and upon the completion of the transfer of the Target Equity, the Target Company would cease to be a subsidiary of the Company, and the financial results of the Target Company would no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Consideration is higher than 25% but all of the applicable percentage ratios are less than 75%, the Possible Disposal, if materializes, will constitute a major transaction of the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Possible Disposal is subject to, among other things, the entering of the Definitive Transaction Documents by the Parties to the Framework Agreement, and the completion of the transfer of Target Equity of the Target Company may be conditional upon the fulfilment or waiver (as the case may be) of certain conditions under the Definitive Transaction Documents. Accordingly, the Possible Disposal may or may not proceed and the transfer of the Target Equity may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Disposal will be made by the Company as and when required by the Listing Rules in the event of any material development and/or when Definitive Transaction Documents have been entered into by the Company.

A circular containing, among other things, (i) details of the Definitive Transaction Documents and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice convening the extraordinary general meeting, expected to be dispatched to the Shareholders under the Listing Rules as soon as possible after the Definitive Transaction Documents have been entered into.

Background

The Board is pleased to announce that on 10 May 2024, Xinjiang XLX (a non-wholly owned subsidiary of the Company), the Purchasers, the Guarantors and the Pledgor entered into the Framework Agreement, pursuant to which the Purchasers conditionally agreed to acquire, and Xinjiang XLX conditionally agreed to sell 100% of the equity interest of the Target Company for a consideration of approximately RMB1.374 billion, while the Guarantors agreed to provide guarantees, and the Pledgor agreed to provide a pledge over Henan XLX Shares, to secure the full payment of Consideration by the Purchasers.

Framework Agreement

The principal terms of the Framework Agreement are summarized as below:

Date

10 May 2024

Parties

Vendor : Xinjiang XLX

Purchasers : (a) Anhui Lingtong
(b) Xinjiang Blackstone

Guarantors : (a) Mr. Xie Tongbao

(b) Mr. Yu Xiao

Pledgor : (a) Lingtong Trade

To the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchasers, the Guarantors, the Pledgor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be disposed of

Xinjiang XLX has conditionally agreed to transfer its 15% equity interest in the Target Company (the corresponding capital contribution is RMB119.1 million) to Anhui Lingtong and its 85% equity interest in the Target Company (the corresponding capital contribution is RMB674.9 million) to Xinjiang Blackstone.

Consideration and Terms of Payment

1. The Consideration of the Possible Disposal is RMB1.374 billion. The Consideration was arrived at after arm's length negotiation between the parties with reference to (i) valuation of the Target Equity of the Target Company as at the Valuation Date and (ii) the reasons for and benefits of the Possible Disposal as set out below.
2. The total deposit for the Possible Disposal is RMB50 million, of which RMB30 million shall be paid by the Purchasers within 2 Business Days upon the signing of the Framework Agreement, and the remaining RMB20 million shall be paid by the Purchasers within five days upon the signing of the Framework Agreement.

Within 10 Business Days from the effective date of the Definitive Transaction Documents for the Possible Disposal, the Purchasers shall make an initial payment of RMB800 million (the "**Initial Payment**"). The deposit of RMB50 million already paid by the Purchasers will be applied to the Initial Payment with the remainder to be paid by the Purchasers.

If either of the Purchasers delay the payment of the aforesaid amount, it shall be liable for a penalty of 0.05% of the unpaid amount for each day of delay. In the event of a delay in payment of more than 60 days, Xinjiang XLX shall have the right to unilaterally decide to terminate the transaction and require the Purchasers to bear the liability for breach of contract and any associated damages.

If Purchasers terminate the Possible Disposal while Xinjiang XLX and the Company are in the process of performing necessary internal procedures and obtaining approval from the Stock Exchange regarding the Possible Disposal, or if the Purchasers fail to make the full payment of the Initial Payment within 10 Business Days from the date on which the Definitive Transaction Documents come into effect, the Purchasers will be deemed to have voluntarily abandoned the acquisition of the Target Equity and the Possible Disposal shall be terminated, in which case, Xinjiang XLX will be entitled to forfeit the deposits.

3. Within 12 months from the effective date of the Definitive Transaction Documents, the Purchasers shall make the final payment of approximately RMB574 million (the “**Final Payment**”) in full to Xinjiang XLX. The Purchasers shall pay interest at an annualised rate of 4% to Xinjiang XLX on the sum of the outstanding amount of the Final Payment payable (if any). Relative to the Final Payment, the Purchasers shall pay at least RMB350 million in principal and the corresponding interest to Xinjiang XLX within 6 months from the effective date of the Definitive Transaction Documents, and the full amount of the Final Payment and the corresponding interest to Xinjiang XLX within 12 months of the effective date of the Definitive Transaction Documents. If there are material adverse changes in respect of the situations to the Purchasers, Xinjiang XLX may demand early payment of the remaining balance.

If either of the Purchasers delay the payment of the aforesaid amount, it shall be liable for a penalty of 0.05% of the unpaid amount for each day of delay. In the event of delay in payment of more than 60 days, Xinjiang XLX shall have the right to unilaterally decide to terminate the transaction and request the Purchasers to bear the liability for breach of contract and any associated damages. Xinjiang XLX has the right to reclaim all the equity interests in the Target Company, and the Purchasers shall assist Xinjiang XLX in completing the procedures for industrial and commercial changes within 5 days from the date of receipt of the written notice from Xinjiang XLX and the Purchasers shall be liable for a penalty of 15% of the Consideration and will return the relevant proceeds of the Target Company and assume any new debts (if any, excluding debts used in the production and operation of the Target Company that has generated significant value and are recognised by Xinjiang XLX) incurred after the Valuation Date, which will be deducted from the amount paid by the Purchasers in priority. Any balance remaining after the deductions will be refunded to the Purchasers and any shortfalls shall be paid by the Purchasers.

4. Before the full payment of the Consideration and the debts and interest owed to Xinjiang XLX by the Target Company, and during the period when Xinjiang XLX continues to assume the guarantee obligations in favor of the Target Company, the Purchasers shall not transfer the equity interests in the Target Company to any other party without the prior written consent of Xinjiang XLX. The relevant equity interests and the assets of the Target Company held by the Purchasers shall be free from and clear of any mortgages, pledges or any other encumbrances whatsoever except for those created to secure the payment of the Consideration and any debt owed to Xinjiang XLX. The Target Company shall not provide guarantees to any other entity or assume any non-operating liabilities externally.

5. In the event that the Possible Disposal is materialised and upon completion of the transaction of the Target Equity, the revenue generated by the Target Company shall be applied by the Purchasers in priority to the payment of the Consideration.

Loss and Profit During the Transition Period

The period from the Valuation Date (excluding that date) to the Closing Date of the Target Equity (including that date) is the transition period (“**Transition Period**”). During the transition period, the profits generated by the Target Company, or the net assets increased due to other reasons, as well as the losses incurred by the Target Company, shall be enjoyed or borne by the Purchasers. During the Transition Period, to avoid disrupting the usual operation and development of the Target Company, Xinjiang XLX will continue to advance the relevant funds Target Company. The advanced funds will be paid as debt by the Purchasers to Xinjiang XLX.

Debt Repayment

1. As at the Valuation Date, the total debt of the Target Company owed to Xinjiang XLX amounted to approximately RMB285,147,600 which, together with any debt owed to Xinjiang XLX during the Transition Period, if any, as well as any interest calculated at an annualised rate of 4% on the sum of the outstanding debt shall be paid off by the Purchasers and Target Company within 18 months of the effective date of the Definitive Transaction Documents. If there are material adverse changes to the Purchasers or the Target Company, then Xinjiang XLX may demand early repayment of the remaining debt from the Purchasers and the Target Company.

If either of the Purchasers delays the payment of the aforesaid amount, it shall be liable for a penalty of 0.05% of the unpaid amount for each day of delay. In the event of a delay in payment of more than 60 days, Xinjiang XLX shall have the right to unilaterally decide to terminate the transaction and request the Purchasers to bear the liability for breach of contract and associated damages. In that case, Xinjiang XLX has the right to reclaim all the equity interest in the Target Company, and the Purchasers shall assist Xinjiang XLX in completing the procedures for industrial and commercial changes within 5 days from the date of receipt of the written notice from Xinjiang XLX. The Purchasers are liable for a penalty of 15% of the Consideration and shall return the relevant proceeds of the Target Company and assume any new debts (if any, excluding debts used for the production and operation of the Target Company that has generated significant value and are recognised by Xinjiang XLX) incurred after the Valuation Date, which will be deducted from the amount paid by the Purchasers in priority. Any balance remaining after the deductions will be refunded to the Purchasers and any shortfalls will be paid by the Purchasers.

2. As at the date of signing of the Framework Agreement, the aggregate amount of borrowings guaranteed by Xinjiang XLX and its related parties in favour of the Target Company is approximately RMB111 million. The Purchasers shall assist Xinjiang XLX and the Target Company to negotiate with the lending banks and enter into a separate guarantee contracts with

a change of guarantor, whereby the Purchasers and its related parties shall take over the guarantee obligations previously assumed by Xinjiang XLX and its related parties. In the event that the Purchasers are unable to undertake the guarantee obligation, the Purchasers shall provide sufficient guarantee measures to ensure that the interests of Xinjiang XLX will not thereby in any way be jeopardized.

3. The parties collectively guarantee that, following the signing of the Framework Agreement, no additional amount shall be incurred in respect of the borrowings or credit facilities guaranteed by Xinjiang XLX or its related parties in favour of the Target Company, and that no further application will be made for any lending in respect of the borrowings which have already been granted with credit facilities, and that relevant confirmation documents shall be signed with the lending banks. At the same time, the Purchasers shall guarantee that the Target Company shall not, after the Closing Date, delay the repayment of any loans guaranteed by Xinjiang XLX or its related parties or default on any other obligations which would in effect cause Xinjiang XLX or its related parties to assume guaranteed obligations, otherwise Xinjiang XLX shall have the right to pursue any remedies against the Purchasers after assuming the guaranteed obligations.

Guarantee

1. Mr. Xie Tongbao and Mr. Yu Xiao agreed to assume unlimited joint and several liabilities for the payment obligations of either party of the Purchasers under the Framework Agreement to ensure that the Purchasers pay the Consideration and other payments under the Framework Agreement on time and in full, and to sign a guarantee agreement in accordance with the requirements of Xinjiang XLX.
2. The Purchasers agreed that, in order to ensure the timely and full performance of the payment obligations under the Framework Agreement, on the date of completion of the registration of the industrial and commercial changes in respect of the equity transfer from Xinjiang XLX to the Purchasers, the Purchasers will pledge 50% of the Target Company's total equity to Xinjiang XLX to guarantee Purchasers' performance of payment obligations under the Framework Agreement. Separate special agreements shall be signed and the equity pledge registration procedures will be completed as well.
3. Lingtong Trade agreed to pledge Henan XLX Shares (representing 3.36% of equity interest of Henan XLX) to guarantee the Purchasers' payment obligations under the Framework Agreement and will enter into separate special agreement(s) and complete relevant registration procedures in connection with the pledge within 5 days of the effective date of the Definitive Transaction Documents.
4. The scope of guarantees to be provided by Mr. Xie Tongbao, Mr. Yu Xiao and Lingtong Trade covers all amounts payable by the Purchasers under the Framework Agreement, including but not limited to transaction price, liquidated damages, compensation, etc.

5. Mr. Xie Tongbao, Mr. Yu Xiao and Lingtong Trade jointly confirmed that if either of the Purchasers violates its obligations under the Framework Agreement, regardless of whether there are any other guarantee measures or whether Xinjiang XLX will pursue remedies against the Purchasers, Xinjiang XLX has the right to directly request Mr. Xie Tongbao, Mr. Yu Xiao and Lingtong Trade to undertake the guarantee obligations, and Mr. Xie Tongbao, Mr. Yu Xiao and Lingtong Trade shall not refuse to do so for any reason.
6. Without the written consent of Xinjiang XLX, Mr. Xie Tongbao, Mr. Yu Xiao and Lingtong Trade shall not release the guarantees or transfer the obligations under the Framework Agreement in part or in whole to third parties.

Closing

1. Xinjiang XLX will cooperate with the Purchasers to complete the registration procedures in connection with the equity transfer, change of legal representative, directors and supervisors within 10 Business Days from the date of receiving the Initial Payment.
2. From the Closing Date, the Purchasers will fully take over the coal mine, enjoy all the rights and interests of the coal mine, and assume all the obligations of the coal mine. Xinjiang XLX will cooperate with the Purchasers to submit information on changes in the Target Company's shareholders to the coal mine regulatory agency on the Closing Date. If it is necessary to register changes related to coal mine management, Xinjiang XLX will cooperate with the Purchasers to complete the procedures. From the Closing Date onwards, the relevant expenses, liabilities and obligations arising from the management of the Target Company and the coal mine shall be borne by the Purchasers. Xinjiang XLX shall have the right to recover from the Purchasers any expenses or losses incurred by Xinjiang XLX due to reasons not attributable to itself, for instance, a prolong period of time taken to complete relevant registration of change procedures. Xinjiang XLX has the right to compensation from the Purchasers. Xinjiang XLX shall hand over all relevant information, legal and valid certificates, etc. of the coal mine to the Purchasers upon the completion of change registration or after the registration authority confirms that it is aware of/accepts the changes involved in the Possible Disposal.
3. The Parties to the Framework Agreement agree that before completing the relevant change procedures, Xinjiang XLX has the right to be informed of the Purchasers' management of the coal mine and the Target Company. In the event of any violation of laws and regulations or other matters that may cause losses or risks to the interests of Xinjiang XLX, Xinjiang XLX has the right to request the Purchasers to cease and desist and take remedial measures. Xinjiang XLX also has the right to terminate the Possible Disposal and require the Purchasers to bear breach of contract and compensation liabilities.

4. The Parties to the Framework Agreement agree that if the Purchasers begin to take over the Target Company and coal mine upon signing the Framework Agreement, the Purchasers shall not unilaterally terminate the Framework Agreement or cause any losses to Xinjiang XLX. Prior to the completion of the registration of industrial and commercial changes and coal mine-related information, if Xinjiang XLX discovers that the Purchasers have taken any action that may lead to penalties, safety accidents or any other adverse risks for the Target Company, Xinjiang XLX or the coal mine, Xinjiang XLX has the right to require the Purchasers to stop the relevant actions at any time and hand it over to Xinjiang XLX to continue to manage until all the formalities in connection with registration of changes under the Framework Agreement have been completed.

Financial Impact of the Possible Disposal and Proposed Use of Proceeds

If the Possible Disposal materializes, upon the completion of the equity transfer, Anhui Lingtong and Xinjiang Blackstone will hold 15% and 85% of the equity interests of the Target Company, respectively. The Target Company will no longer be a subsidiary of the Company, and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

Based on the Company's initial assessment of the audited financial information of the Target Company prepared in accordance with PRC Accounting Standards as of 29 February 2024, and the Consideration of the Possible Disposal, the Company expects the Possible Disposal, if completed, will yield an investment gain of approximately RMB477 million, generate a cash inflow of approximately RMB1.587 billion, and effectively improve the Group's asset-liability ratio and reduce any further sizable capital investment in the Target Company. This will optimize the Group's debt structure and enhance its overall risk resilience, improving the overall financial position of the Group. As such, there will be no any adverse impact on the Group's profit and loss statement.

If the Possible Disposal materializes, the Group expects to record net proceeds of approximately RMB405 million, which was arrived at by reference to the difference between the Consideration of the Possible Disposal of approximately RMB1,374 million and the carrying value of Xinjiang XLX long-term equity investment in the Target Company of approximately RMB897 million recorded in Xinjiang XLX's accounts, and taxes of approximately RMB72 million that may be incurred if the Possible Disposal materializes. The actual gain or loss expected to accrue to the Group as a result of the Possible Disposal depends on whether the Possible Disposal will materialize, and the actual costs that may be incurred if the Possible Disposal materializes, which may be different from the above estimate and is subject to final review by the Company's auditor.

The Company intends to use the net proceeds from the Possible Disposal in the development of production centers and loan repayments.

Reasons for and Benefits of the Possible Disposal

The Possible Disposal is mainly to optimize the allocation of the Group's resources and adjust the asset structure according to market conditions and corporate strategy in anticipation of optimal coal supply in Xinjiang. The Possible Disposal, if materializes, will be conducive to the Group's recovery of capital, re-allocation of resources and development of the Group's fertilizer and chemical businesses, which is the Group's focus, so as to maximize the utilization of its assets and enhance its operating efficiency.

In light of the above, the Group has decided to dispose of all the equity interests in the Target Company, thereby converting these assets into available resources for the development of other business operations of the Group. The Directors, including all independent non-executive Directors, consider that the terms and conditions of the Framework Agreement and Possible Disposal, if materializes, are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Information on Parties

The Target Company

The Target Company was established in 1995 after the restructuring of a coal mine. The Target Company mainly engages in coal mining and sale of coal and coal-based products.

Unified social credit identifier:	91650000229285227D
Address:	Xiaobaiyanggou, Nanshan, Manas County, Changji Prefecture, Xinjiang
Legal representative:	Cha Guanzhu (查貫柱)
Registered capital:	RMB794,000,000
Scope of operations:	coal mining, sales of coal and finished products, labour services (excluding labour dispatch), loading and unloading and transportation, as well as human resources services.

As at the date of this announcement, the Target Company owns the mining rights of an approved coalfield with an area of 3.72 square kilometers and a reserve of approximately 105 million tons, and an production capacity of 900,000 tons/year.

The following table sets out certain audited financial information of the Target Company as at 31 December 2022 and 31 December 2023 and for the years then ended, prepared in accordance with the PRC Accounting Standards:

	As at 31 December 2022 (RMB)	As at 31 December 2023 (RMB)
Operating income	410,913,852.82	108,605,534.69
Operating profit/(loss)	54,283,775.22	(93,186,999.59)
Profit/(loss) before tax	54,264,265.38	(95,599,468.73)
Profit/(loss) after tax	54,264,265.38	(95,599,468.73)
Total assets	1,154,163,352.49	1,232,106,065.70
Net assets	737,698,578.58	642,099,109.85

On the Valuation Date, the carrying amount and appraisal value of total shareholders' equity of the Target Company were approximately RMB620,662,024.45 and RMB1,161,728,000.00 respectively, with an appreciation rate of 87.18%. The significant appreciation is attributable to the appreciated amount of RMB682.0228 million in the appraised value of intangible assets. Along with the improvement of the economy, the price of land and mining rights, as non-renewable resources, has shown an overall upward trend.

Xinjiang XLX

As at the date of this announcement, the Company holds a 78.57% equity interest in Henan XLX which in return holds a 100% equity interest in Xinjiang XLX. Henan XLX, Xinjiang XLX and the Group are principally engaged in the manufacturing, sales and trading of urea, compound fertiliser, methanol, liquid ammonia and melamine solution. The Group is also one of the large-scale and most cost-efficient coal-based urea producers in the PRC.

Anhui Lingtong, Lingtong Trade and Mr. Xie Tongbao

Anhui Lingtong is a limited liability company established in the PRC in 2014 and is principally engaged in industrial investment management services, pre-packaged food retail and other businesses. Its de facto controller is Mr. Xie Tongbao, one of the Guarantors of the Possible Disposal.

Lingtong Trade is a modern trade and logistics enterprise established in the PRC in 2000 and is principally engaged in the operation and transportation of coal and dangerous goods. Anhui Lingtong and Mr. Xie Tongbao hold approximately 70% and 30% of the equity interests in Lingtong Trade respectively.

Xinjiang Blackstone and Mr. Yu Xiao

Xinjiang Blackstone is a limited liability company established in the PRC in 2019 and is principally engaged in the sales services of coal and mineral products. Its de facto controller is Mr. Yu Xiao, one of the Guarantors of the Possible Disposal.

Listing Rules Implications

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Consideration is higher than 25% but all of the applicable percentage ratios are less than 75%, the Possible Disposal, if materializes, will constitute a major transaction of the Company subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Possible Disposal is subject to, among other things, the entering of the Definitive Transaction Documents by the Parties to the Framework Agreement, and the completion of the transfer of Target Equity of the Target Company may be conditional upon the fulfilment or waiver (as the case may be) of certain conditions under the Definitive Transaction Documents. Accordingly, the Possible Disposal may or may not proceed and the transfer of the Target Equity may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. The Company is still in the course of negotiating the Definitive Transaction Documents with the Purchasers, and expects that such agreements will be entered into by the relevant parties by the end of May 2024. Further announcement will be made by the Company on the date when the Definitive Transaction Agreements are entered. Subject to the availability and completeness of the information as required, the Company anticipates that the circular for this transaction will be published on or before 28 June 2024 where the general meeting for approving this transaction will be convened in or before mid July 2024. Further announcement in respect of the Possible Disposal will be made by the Company as and when required by the Listing Rules in the event of any material development and/or when Definitive Transaction Documents have been entered into.

A circular containing, among other things, (i) details of the Definitive Transaction Documents and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice convening the extraordinary general meeting, expected to be dispatched to the Shareholders under the Listing Rules as soon as possible after the Definitive Transaction Documents have been entered into.

DEFINITIONS

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

“Anhui Lingtong”	Anhui Lingtong Group Holding Co., Ltd.* (安徽靈通集團控股有限公司)
“Board”	the board of Director(s) of the Company
“Business Day(s)”	a day on which banks in China are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“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 Stock Exchange
“Closing Date”	(if the Possible Disposal materializes) the date on which Xinjiang XLX registers the Target Equity in the name of the Purchasers
“Consideration”	(if the Possible Disposal materializes) the consideration payable by the Purchasers to Xinjiang XLX for acquiring the Target Equity
“Director(s)”	the director(s) of the Company
“Definitive Transaction Documents”	Definitive Transaction Documents subsequently to be signed by the Parties to the Framework Agreement providing detailed terms and conditions of the Possible Disposal, including but not limited to formal equity transfer agreements, guarantee agreements, etc.
“Framework Agreement”	the equity transfer framework agreement entered into by Xinjiang XLX, the Purchasers, the Guarantors, and the Pledgor on 10 May 2024, in relation to the Possible Disposal
“Parties to the Framework Agreement”	the parties to the Framework Agreement, including the Vendor, the Purchasers, the Guarantors and the Pledgor
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“Purchasers”	referred to as Anhui Lingtong and Xinjiang Blackstone

“Group”	the Company and its subsidiaries from time to time
“Guarantors”	referred to as Mr. Xie Tongbao (謝同寶) and Mr. Yu Xiao (魚笑)
“Henan XLX”	Henan Xinlianxin Chemicals Group Co., Ltd.* (河南心連心化學工業集團股份有限公司), a subsidiary of the Company
“Henan XLX Shares”	65,400,000 shares in Henan XLX held by the Pledgor
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lingtong Trade” or “Pledgor”	Tongling Lingtong Trade Co., Ltd.* (銅陵市靈通貿易有限責任公司)
“Possible Disposal”	the possible disposal of the Target Equity by the Vendor to the Purchasers pursuant to the Framework Agreement
“PRC”	the People’s Republic of China, which solely for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Manas Tianxin Coal CO., LTD* (瑪納斯縣天欣煤業有限公司)
“Target Equity”	the 100% of the equity interests of the Target Company held by Xinjiang XLX as at the date of this announcement
“Valuation Date”	29 February 2024
“Xinjiang Blackstone”	Xinjiang Blackstone Energy Co., Ltd.* (新疆黑石能源有限公司)
“Xinjiang XLX” or “Vendor”	Xinjiang XLX Energy Chemicals Co., Ltd.* (新疆心連心能源化工有限公司)

“Yuan” unless the context otherwise requires, RMB yuan

“%” per cent

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

Hong Kong, 10 May 2024

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*