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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)

**GRANT OF AWARDED SHARES
PURSUANT TO THE SHARE AWARD PLAN**

This announcement is made by the Company pursuant to Rules 17.06A, 17.06B and 17.06C of the Listing Rules.

Reference is made to the circular of the Company dated 24 April 2024 and the poll results announcement of the Company dated 17 May 2024 in relation to, among other things, the Share Award Plan adopted by the Company on 17 May 2024.

GRANT OF AWARDED SHARES PURSUANT TO THE SHARE AWARD PLAN

On the Grant Date, the Board (including all independent non-executive Directors), based on the recommendation of the Remuneration Committee of the Company, resolved to award an aggregate of 70,830,000 Awarded Shares under the Share Award Plan to 532 Selected Participants.

Details of the grant of Awarded Shares pursuant to the Share Award Plan are set out below:

Date of grant:	7 June 2024
Number of Awarded Shares granted:	70,830,000 Awarded Shares (the exact number is subject to the actual level of subscription) are proposed to be granted to not more than 532 Selected Participants.

The above grant would not result in the Shares issued and to be issued in respect of all options and awards granted to each Selected Participants in the 12-month period up to and including the date on which the Board or Committee approved the grant (i) in aggregate exceed 1% of the relevant class of shares (excluding treasury shares) of the Company in issue; and (ii) to exceed any limits applicable to such Selected Participant under the Listing Rules.

Grant Price: HK\$1.5 per Share.

Grant of Awarded Shares: The grant of the relevant Awarded Shares to the Selected Participants by the Board or the Committee is subject to, among other things, the payment of the relevant subscription monies at the Grant Price to the Company.

Performance targets: Awards are subject to the performance-based vesting conditions. The Awarded Shares shall be vested upon fulfilment of the following performance targets by the Company and the relevant individual Selected Participant(s):

(A) Performance target of the Company

The Company will evaluate its performance indicators of respective year and assess whether the performance evaluation target (as one of the conditions for vesting of the Awarded Shares to Selected Participants for the respective year) has been met. The specific evaluation conditions are as follows:

Vesting	Condition
First Vesting Period	Based on the Company's annual performance for the year ended 31 December 2023, the Company's audited financial statements in 2024 will have a growth rate in revenue of not less than 2%, or the net profit of not less than RMB1.65 billion.
Second Vesting Period	Based on the Company's annual performance for the year ended 31 December 2023, the Company's audited financial statements in 2025 will have a growth rate in revenue of not less than 4%, or the net profit of not less than RMB1.8 billion.

(B) Targets of individual performance evaluation

Selected Participants must continue to work in the Group during the relevant Vesting Period, and should meet the following conditions:

- (i) In the preceding year prior to the Vesting Date, the Selected Participant has signed a target responsibility letter in accordance with the requirement of the Company, and has been assessed as qualified, and approved by the Board or the Committee;
- (ii) There is no serious violation of the management system of the Company, and there must be no behaviour that causes huge economic losses to the Company, or has severe negative impact on the Company, and is notified and punished by the Company;
- (iii) The employment contract has not been terminated by the Company due to personal reasons; and
- (iv) There are no circumstances in which he/she shall not be eligible for being a Selected Participant due to violation of the Companies Act and relevant laws and regulations of the capital market.

Vesting Period:

Subject to the Companies Act, the Constitution and the Listing Rules, the Board or the Committee may from time to time, at its discretion, determine the earliest vesting date and other subsequent date(s), if any, upon which the Awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant provided that the Awarded Shares that are available for vesting for each Vesting Period shall be as follows:

Performance period	Vesting Period	Percentage of Awarded Shares Available for Vesting
Year ending 31 December 2024	First Vesting Period	50% of the Awarded Shares of relevant individual Selected Participant
Year ending 31 December 2025	Second Vesting Period	Remaining 50% of the Awarded Shares of relevant individual Selected Participant

Closing price of the Share on the Grant Date of the Awarded Shares:

HK\$3.86 per Share.

Market value and market price of the Awarded Shares on the Grant Date:

The 70,830,000 Awarded Shares to be granted to the Selected Participants represent approximately 5.81% of the issued share capital of the Company as at the date of this announcement (i.e. 1,218,763,000 shares, which included a total of 4,336,000 shares repurchased but not yet cancelled by the Company as at the date this announcement). The 70,830,000 Awarded Shares represent the value of HK\$273,403,800, taking into account the closing price of the Awarded Shares as stated in the daily quotation sheets issued by the Stock Exchange on the Grant Date.

The Company does not have an authorised share capital and/or nominal value of Share.

Status of Awarded Shares:

The Awarded Shares, when issued and fully paid, shall rank *pari passu* with the Shares allotted and issued.

Clawback mechanism: The Company may exercise the clawback right in circumstances where, in the absolute opinion of the Board or the Committee, it may be regarded as inequitable for any Awarded Shares to be vested or retained (as the case may be) by any Selected Participant, including but not limited to where there has been material misstatement or omission in the financial reports of the Group or if the relevant Selected Participant has committed any fraud or serious misconduct. Without limiting the generality of the foregoing, any Awarded Shares may be subject to clawback pursuant to the Company's policy on clawback, as amended from time to time.

Financial assistance: The Group has not provided any financial assistance to the Selected Participants for the purchase or subscription of Awarded Shares.

Identity of allottees: The Company has appointed the Trustee, who is an independent third party, to subscribe for and to hold the Awarded Shares, and to manage the trust for the benefits of the Selected Participants and in accordance with the terms and conditions of the Trust Deed.

The Directors do not have any direct or indirect interests in the Trustee, or have any role or position in the Trustee. The Trustee shall hold the Awarded Shares on trust for the relevant Selected Participants until such Awarded Shares are vested to the relevant Selected Participants pursuant to the Share Award Plan.

The Trustee holding the unvested Awarded Shares shall abstain from voting on matters that require shareholders' approval under the Companies Act, the Constitution and the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

Out of the aggregate 70,830,000 Awarded Shares, 19,650,000 Awarded Shares are granted to the Directors and Selected Participants who are connected persons of the Group with details as follows, and the remaining 51,180,000 Awarded Shares are granted to other Selected Participants:

Name	Position	Number of Awarded Shares	Awarded Shares as a percentage of total award (i.e. 70,830,000 Shares)
(a) Grant of Awarded Shares to a director, chief executive or substantial shareholder of the Company, or any of their respective associates			
Liu Xingxu 劉興旭	Chairman of the Company	1,200,000	1.70%
Zhang Qingjin 張慶金	Executive Director of the Company	1,200,000	1.70%
Yan Yunhua 閔蘊華	Executive Director of the Company	900,000	1.27%
Zhang Qingcheng 張慶城	Director of a subsidiary of the Group and a relative of Zhang Qingjin	300,000	0.42%
Zheng Nan 鄭楠	Director of a subsidiary of the Group and a relative of Liu Xingxu	300,000	0.42%
Zhang Guangshui 張廣水	Manager of a subsidiary of the Group and a relative of Zhang Qingjin	150,000	0.21%
Zhang Yunxi 張雲溪	Manager of a subsidiary of the Group and a relative of Zhang Qingjin	60,000	0.08%
Sub-total		4,110,000	5.80%

Name	Position	Number of Awarded Shares	Awarded Shares as a percentage of total award (i.e. 70,830,000 Shares)
(b) Grant of Awarded Shares to connected persons of the Company (other than a director, chief executive or substantial shareholder of the Company, or any of their respective associates)			
Connected persons of the Company (other than a director, chief executive or substantial shareholder of the Company, or any of their respective associates) (a total of 57 connected persons)		15,540,000	21.94%
Other Selected Participants (a total of 468 Selected Participants)		51,180,000	72.26%
Total		70,830,000	100%

Pursuant to Rule 17.04(1) of the Listing Rules, the grant of Awarded Shares to each of the above Selected Participants in (a) above has been approved by the Remuneration Committee and the Board (including all independent non-executive Directors, save that each Employee Participant has abstained from voting on the relevant resolutions relating to the grant of Awarded Shares to himself/herself).

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, none of the Selected Participants is (i) a Director, nor a chief executive, or a substantial shareholder of the Company, or an associate of any of them; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider (as defined under the Listing Rules) with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

None of the grant will be subject to approval by the Shareholders.

REASONS FOR AND BENEFITS OF THE GRANT OF AWARDED SHARES

The grant of the Awarded Shares is to recognise and reward the Selected Participants who played a vital role in the medium to long-term development of the Company and the core staff and employees who have made long-term contributions to the Group, and to provide additional incentives to them to maintain and further promote the success of the Group's business.

NUMBER OF AWARDED SHARES AVAILABLE FOR FUTURE GRANT

The grant of Awards will be satisfied by issuance of new Shares within the scheme mandate limit under the Share Award Plan. After the grant of the Awarded Shares, a total of 50,938,000 Shares will be available for future grant pursuant to the Share Award Scheme.

DEFINITIONS

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

“associate(s)”	shall bear the meaning ascribed thereto in the Listing Rules
“Award”	a provisional award of the Awarded Shares made in accordance with the Share Award Plan
“Awarded Shares(s)”	the Share(s) at the Grant Price provisionally awarded to a Selected Participant pursuant to an Award
“Board”	the board of Directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“Committee”	the person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Plan in accordance with the Share Award Plan
“Companies Act”	the Companies Act 1967 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 Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Constitution”	the Constitution of the Company as amended, modified or supplemented from time to time
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	the Employee Participant(s)

“Employee Participant(s)”	any director, senior management, the core staff and employee (whether full time or part-time) of the Company or the Group
“First Vesting Period”	in relation to any Selected Participant, the period commencing on the first trading day after 12 months from the Grant Date and ending on the Vesting Date which being the last trading day within 24 months from the Grant Date (both dates inclusive)
“Grant Date”	7 June 2024
“Grant Price”	the price of each Awarded Share to be granted to the Selected Participant, i.e. HK\$1.50 per Share
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which only for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remuneration Committee”	the remuneration committee of the Board for the time being
“RMB”	Renminbi, the lawful currency of the PRC
“Second Vesting Period”	in relation to any Selected Participant, the period commencing on the first trading day after 24 months from the Grant Date and ending on the Vesting Date which being the last trading day within 36 months from the Grant Date (both dates inclusive)
“Selected Participant(s)”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award
“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

“Share Award Plan”	the share award plan adopted by the Company on 17 May 2024
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in Section 5 of the Companies Act
“trading day”	in relation to securities and other products which are traded on the Stock Exchange, a day on which trading is conducted on the Stock Exchange
“Trust Deed”	the trust deed entered into between the Company as settlor and the Trustee as trustee on 31 May 2024 in relation to the Share Award Plan
“Trustee”	Tricor Trust (Hong Kong) Limited, the trustee appointed by the Board who is independent from the Company and its connected persons as at the date of this announcement for the administration of the Share Award Plan
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to an Award pursuant to the Share Award Plan
“Vesting Period”	collectively, the First Vesting Period and the Second Vesting Period
“%”	per cent.

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

Hong Kong, 7 June 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*