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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)

PROFIT WARNING
POTENTIAL IMPAIRMENT

This announcement is made by China XLX Fertiliser Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") hereby informs the shareholders of the Company (the "**Shareholders**") and potential investors that the Group is expected to record an impairment in the amount of approximately RMB110,000,000 to approximately RMB114,000,000 for the reasons set out below. The Group has been awarded a national energy efficiency leader in fixed-bed production process for nine consecutive years. In order to further reduce energy consumption and enhance the Company's technical and cost advantages, the Group will actively respond to the relevant policies of the Henan provincial government and seek to maximise the utilisation of the advanced coal gasification technology within the Group. The Group has successfully completed the process upgrade in Plant II of Xinxiang production base in September 2020, and will close the fixed-bed production process of Plant III of Xinxiang production base by the end of 2020. The aforementioned impairment is a result of the process upgrade in Plant II and Plant III. As such, the consolidated net profit of the Company for the financial year ending 31 December 2020 ("**FY2020**") will be adversely affected. Having said that, the Group has been informed that the government is considering the making of compensation policies for the affected companies, but no concrete plan is available as at the date of this announcement.

The Group is still not yet in a position to commence its assessment of the Group's annual results for the full year of FY2020. The information contained in this announcement is based only on the preliminary assessment by the Company of its unaudited consolidated management accounts for the eleven months of FY2020 and the information currently available to the Company, and is not based on any figures or information audited or reviewed by the Company's independent auditor, and may be subject to amendments. As such, the above information is provided for the Shareholders' and potential investors' reference only. The Shareholders and potential investors are advised to refer to details in the annual results announcement of the Group for FY2020 which is expected to be published in March 2021.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company.

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

8 December 2020

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*