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**心連心**

**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 TRANSACTION  
ACQUISITION OF LISTED SECURITIES**

**THE ACQUISITION**

The Board announces that during the period from 15 December 2022 to 29 December 2022, the Group acquired 10,760,832 shares of Shenleng Energy in aggregate on the open market, representing approximately 9.78% of the issued share capital of Shenleng Energy with a total consideration of approximately RMB236.74 million (excluding transaction costs) as at the date of this announcement.

**IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, therefore the Acquisition constitutes a discloseable transaction for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **THE ACQUISITION**

The Board announces that during the period from 15 December 2022 to 29 December 2022, the Group, through Henan XLX (a subsidiary of the Company), acquired 10,760,832 shares of Shenleng Energy in aggregate on the open market, representing approximately 9.78% of the issued share capital of Shenleng Energy as at the date of this announcement with the total consideration of approximately RMB236.74 million (excluding transaction costs) is to be financed by the Group's existing internal financial resources. As at the date of this announcement, Henan XLX holds approximately 62.23% of the total issued share capital of Shenleng Energy.

The average purchase price of each Shenleng Energy share is approximately RMB22.00 (excluding transaction costs), which is negotiated and determined based on the transaction price of block transactions under the "Rules of the National Equities Exchange and Quotations for Stock Transaction", which represent (i) not higher than 130% of the closing price on the day before the Acquisition or the higher of the highest traded price on that day; and (ii) not lower than 70% of the closing price on the day before the Acquisition or the lower of the lowest traded price on that day.

As the Acquisition was made through the open market, the Company is not aware of the identities of the counterparties of the acquired shares in the Acquisition. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the counterparties of the acquired shares in the Acquisition and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **INFORMATION ON SHENLENG ENERGY**

Shenleng Energy is a joint stock limited company incorporated in the PRC, the shares of which are listed on the National Equities Exchange and Quotations. Shenleng Energy is mainly engaged in the production, sales and transportation of high-purity liquid carbon dioxide, electronic grade carbon dioxide, high-purity carbon monoxide, high-purity methane, high-purity sulfur dioxide, carbonyl sulfide, liquid oxygen/nitrogen/argon, krypton, xenon, special gas and other products.

Set out below is the information as extracted from the published 2021 annual report and the 2022 third quarterly report of Shenleng Energy:

	<b>For the year</b>		<b>For the</b>
	<b>ended 31 December</b>		<b>nine months</b>
	<b>2020</b>	<b>2021</b>	<b>ended</b>
	<i>RMB</i>	<i>RMB</i>	<b>30 September</b>
	<i>in thousand</i>	<i>in thousand</i>	<b>2022</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>RMB</i>
			<i>in thousand</i>
			<i>(unaudited)</i>
Revenue	336,779	487,415	593,643
Profit before income tax	61,398	106,964	170,851
Profit during the year	55,436	94,073	148,276

The unaudited net total assets and net asset value of Shenleng Energy as at 30 September 2022 were approximately RMB1,438 million and RMB640 million respectively.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Board believes that the Acquisition is in line with the Group's overall long-term development strategy, which will improve the market share and comprehensive competitiveness of Shenleng Energy, and further increase the Group's return on investment. In addition, the Acquisition will benefit the further optimization of the equity structure of Shenleng Energy, which will establish the foundation for the long-term development of Shenleng Energy, as well as further driven its corporate development.

As the Acquisition was made through the open market in accordance to the relevant share transaction requirements, the Directors are of the view that the terms of the Acquisition are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As certain applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but less than 25%, therefore the Acquisition constitutes a discloseable transaction for the Company and are subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the shares of Shenleng Energy by the Group as disclosed in the announcement
“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)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“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 joint stock limited company incorporated in the PRC and a subsidiary of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Shenleng Energy”	Henan Xinlianxin Shenleng Energy CO., LTD, a joint stock limited company incorporated in the PRC whose shares were listed on the National Equities Exchange and Quotations (stock code: 831177)

“Stock Exchange” the Stock Exchange of Hong Kong Limited

“%” per cent.

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

Hong Kong, 29 December 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Liu Xingxu, Mr. Zhang Qingjin and Ms. Yan Yunhua; and 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*