
THIS CIRCULAR IS IMPORTANT AND REQUEST YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China XLX Fertiliser Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

(Company Registration No. 200610384G)

(Hong Kong Stock Code: 1866)

**PROPOSED ADOPTION OF
SHARE AWARD PLAN
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting (“EGM”) of China XLX Fertiliser Ltd. to be held at 3rd Conference Room, 6th Floor, R&D Building, Gate No.7, Xinlianxin Avenue, Xinxiang Economic Development Zone, Xinxiang City, Henan Province, PRC, on 17 May 2024 at 3:30 p.m. is set out on pages N-1 to N-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chinaxlx.com.hk).

If you are not able to attend the EGM in person, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the holding of the EGM (i.e., not later than 3:30 p.m. on 15 May 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

24 April 2024

* For identification purpose only

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DEFINITIONS

In this circular, unless otherwise defined, the following expressions have the following meanings:

“Adoption Date”	the date on which the Share Award Plan is adopted by the Shareholders
“Announcement”	the announcement of the Company dated 5 February 2024 in relation to the proposed adoption of the Share Award Plan
“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
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rule
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	an extraordinary general meeting to be held at 3rd Conference Room, 6th Floor, R&D Building, Gate No.7, Xinlianxin Avenue, Xinxiang Economic Development Zone, Xinxiang City, Henan Province, PRC on 17 May 2024 at 3:30 p.m. or any adjournment thereof (as the case may be), to approve the adoption of the Share Award Plan
“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
“Excluded Participant(s)”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
“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”	the date on which the Company will allot and issue Awarded Shares (as held by the Trustee on behalf of the Selected Participants) to the Selected Participants after approval for the implementation of the Share Award Plan has been obtained, which must be a trading day
“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
“Latest Practicable Date”	18 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained therein

DEFINITIONS

“Listing Committee”	the Listing Committee of the Stock Exchange
“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 circular, 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
“Returned Share(s)”	such Awarded Share(s) which are not vested and/or are forfeited in accordance with the terms of the Share Award Plan, or such Share(s) being deemed to be Returned Share(s)
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“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 proposed share award plan to be adopted by the Company at the EGM
“Shares Pool”	the pool of Shares maintained by the Trustee from which the Award shall be made
“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

DEFINITIONS

“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 to be entered into between the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) to be held by the Trustee subject to the terms thereof, as amended from time to time
“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 Latest Practicable Date 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.

Words importing the singular shall include the plural where the context admits and vice versa. Words importing the masculine gender shall include the feminine and neuter genders where the context admits. Reference to persons shall, where applicable, include corporations.

All times and dates referred to in this circular refer to Hong Kong local times and dates.

LETTER FROM THE BOARD



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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)

(Company Registration No. 200610384G)

(Hong Kong Stock Code: 1866)

Executive Directors:

Mr. Liu Xingxu (*Chairman*)

Mr. Zhang Qingjin

Ms. Yan Yunhua

Independent non-executive Directors:

Mr. Ong Kian Guan

Mr. Li Shengxiao

Mr. Ong Wei Jin

Mr. Li Hongxing

Registered office:

9 Raffles Place, #26-01 Republic Plaza,

Singapore 048619

Principal Place of Business in Hong Kong:

Room 1903-04, 19/F.

Hong Kong Trade Centre

161 Des Voeux Road Central

Sheung Wan

Hong Kong

24 April 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSED ADOPTION OF
SHARE AWARD PLAN
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the Announcement. The purpose of this circular is (i) to provide the Shareholders with further information on the adoption of the Share Award Plan; and (ii) to give the Shareholders a notice of the EGM and other information in accordance with the requirements of the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE SHARE AWARD PLAN

On 5 February 2024, the Board approved the resolution in relation to the proposed adoption of the Share Award Plan, which is subject to approval at the general meeting and of the relevant regulatory authorities. Set out below are the principal terms of the Share Award Plan:

Purpose

The purposes of the Share Award Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Selected Participants

Employee Participants include directors and senior management of the Group who play a vital role in the medium to long-term development of the Company and the core staff and employees of the Group who have made long-term contributions to the Group.

The list of qualified Selected Participants shall be prepared by the Remuneration Committee after considering (i) the positions of the Selected Participants in the Group; (ii) the tenure of the Selected Participants in the Group; and (iii) internal recognitions, honors and/or rewards (if any) received by the Selected Participants, which shall then be submitted to the Board for its consideration and approval. Subject to the Companies Act and any requirements of the Stock Exchange, the Remuneration Committee has the right to make any corresponding adjustments to the final list of Selected Participants based on the actual level of subscription by the Selected Participants. Each Selected Participant must have entered into an employment contract or engagement contract with the Group during the evaluation period.

Means of incentive and Source of Awarded Shares

The incentive method of the Share Award Plan is to grant Awarded Shares to the Selected Participants and the source of underlying Shares under the Share Award Plan will be new Shares to be issued by the Company, subject to the provisions of the Companies Act and the Constitution.

The Awarded Shares shall be subject to the provisions of the Constitution and will rank *pari passu* with the fully paid Shares in issue on the date when such Awarded Shares are vested in the Selected Participants and accordingly will entitle the holders to all voting rights and to participate in all dividends or other distributions paid or made on or after such Vesting Date other than any dividend or other distribution previously declared or recommended or revolved to be paid or made with respect to a record date which shall be before the Vesting Date.

Number of Awarded Shares

The aggregate maximum number of Shares (“**Plan Mandate Limit**”) which (i) may be subscribed for by the Trustee in respect of all Awards to be granted under the Share Award Plan; and (ii) may be issued under any other share schemes adopted or to be adopted by the Company from time to time shall not exceed

LETTER FROM THE BOARD

10% of the total issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit. As at the Latest Practicable Date, there were 1,218,763,000 Shares in issue. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date to the Adoption Date, the total number of Shares which may be issued upon exercise of all Awards and all share options and share awards to be granted under the Share Award Plan and other share scheme of the Company will be 121,876,300, representing 10% of the total number of Shares in issue as at the Adoption Date.

The maximum number of Shares, in a 12-month period up to and including the Grant Date, which may be subject to an Award or Awards to a Selected Participant together with any Shares issued and to be issued under any options and awards granted to such Selected Participant under any share schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the scheme) shall not (i) in aggregate exceed 1% of the relevant class of shares of the Company in issue; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules.

If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, the maximum number and the Grant Price of Shares that may be issued by the Company, subscribed for by the Trustee pursuant to the Share Award Plan and all other share schemes of the Company under the unutilised Plan Mandate Limit shall, subject to the provisions of the Companies Act, the Constitution, and the Listing Rules, be adjusted accordingly provided that: (i) in respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Note to Rule 17.03(13) of the Listing Rules and any further guidance/interpretation of the Listing Rules to be issued by the Stock Exchange from time to time; (ii) any such adjustment made must give each Selected Participant the same proportion of the share capital of the Company, rounded to the nearest whole Share, as that to which he/she was previously entitled; (iii) no such adjustment shall be made which would result in the Grant Price of any Awarded Share being less than its nominal value; (iv) no adjustment shall be made to the advantage of the Selected Participant without specific prior approval from the Shareholders of the Company; and (v) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

If the Company conducts a share consolidation or subdivision after the Plan Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Plan Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

Grant Price

The Grant Price for each Awarded Share to be granted to the Selected Participant is fixed at HK\$1.5 per Share, which represented:

- (i) 46.43% of the closing price of the Shares as quoted on the Stock Exchange as at the date of the Announcement; and

LETTER FROM THE BOARD

- (ii) 46.46% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Announcement.

The Grant Price was determined with reference to the following:

1. The purpose of the Company's implementation of Share Award Plan is to promote the Company's development and better safeguard the interests of Shareholders. Based on the above purpose, the Grant Price and pricing method are determined by comprehensively considering certain factors including the difficulty of achieving the targets, the strength of incentives and the team's ability to make contributions.
2. In line with the principle of balance between incentives and restrictions, the Company has set its performance growth targets in the Share Award Plan, which requires employees to give full play to their subjective initiative and creativity. The Awarded Share(s) shall be an incentive to the extent of fulfilling the performance growth requirements.

The assessment condition of the Share Award Plan is based on the annual performance in 2023. To achieve such target, the Company shall expand its scope of sales and customer base in a saturated market through accurate market research at the early stage and diversified marketing strategies, so as to increase sales, which requires the efforts of the entire core team and strong execution.

3. As a traditional fertiliser manufacturing enterprise, the market of the entire industry is highly saturated, with loose supply and demand and fierce competition. In response to market demands and changes, the Group shall continue to improve production efficiency and product quality through research and development ("R&D") to maintain its industry competitive position. R&D on new technology requires a lot of investment in time, manpower and funds. It also needs to adjust the product structure and develop new products based on the market demand. The equity incentive is provided for the core personnel from the production and R&D teams of the Company, so as to help the Company retain core professional and technical talents.

In order to fulfil the vesting conditions for the Share Award Plan, the Company will need to produce at full capacity and expand its scope of sales, which is a big challenge for the Company. Given the difficulty of achieving such goal and to give full effect to the incentive and after taking into consideration all such consideration, the Company determined the Grant Price by making reference to the requirements of the Listing Rules and the practice of equity incentives among comparable companies which are all engaged in the R&D and sale of fertilizer or relatively similar business of the Group in the PRC. The Company did not make reference to the companies listed in Hong Kong since insofar as is known to the Directors, the two Hong Kong listed companies, i.e. China BlueChemical Ltd. (Stock code: 3983) and Sinofert Holdings Limited (Stock code: 297), did not adopt any equity incentive schemes in the recent 3 years.

LETTER FROM THE BOARD

4. According to the relevant PRC administrative measures and/or rules that regulate the award of shares under the equity incentive schemes applicable to employees of the PRC listed companies in the recent 3 years, the grant price shall not be lower than the par value of the shares, and in principle shall not be less than the higher of the following prices:
- (i) 50% of the average trading price of the listed company's shares on the trading day before the share incentive plan is announced; or
 - (ii) 50% of any one of the average trading prices of the listed company's shares in the last 20 trading days, 60 trading days or 120 trading days before the share incentive plan is announced.

In order to be more competitive and to achieve a better incentive effect, the PRC listed companies tend to determine the grant price of the relevant equity incentive schemes at the lowest possible prices which are permissible under the relevant PRC administrative measures and/or rules. Against such background, the Company considered that the deep discount in the grant price for share incentive schemes is necessary to provide attraction to retain and/or recruit talent.

5. The Grant Price for each Awarded Share to be granted to the Selected Participant(s) is fixed at HK\$1.5 per Share, which represented (i) 46.43% of the closing price of the Shares as quoted on the Stock Exchange as at the date of the Announcement; and (ii) 46.46% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Announcement. The Grant Price, when compared to the comparable companies, is slightly less than 50% of the traded price per Share. However, having considered the market practice in determining the grant prices among comparable companies in the same industry and the ability of Eligible Participants to make the contribution, the Board has set the Grant Price at HK\$1.50 per Share, which is considered to be fair and reasonable as the Group will be in a better position to attract and retain the best quality personnel for the development of the Company's business, and to achieve the purpose of the Share Award Plan.
6. As the industry and talent competition intensify, the attraction, motivation and retention of talents have become a crucial issue in enterprise operations. The implementation of the restricted equity incentive is one of the important methods to achieve the aforementioned objectives. The implementation of the equity incentive serves as an effective supplement to the corporate compensation incentives. The income of incentive recipients depends on the Company's operating results, the development of the capital market, and the share price in the secondary market. It ensures a high level of consistency between the interests of employees and shareholders.

In summary, the pricing basis and pricing method relating to the Grant Price of the Awarded Shares are reasonable and conducive to the Company's sustainable development. It does not prejudice the interests of the Shareholders but rather maximise their interests, resulting in creating greater value for the Shareholders.

LETTER FROM THE BOARD

Validity period

The validity period of the Share Award Plan shall be for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term, no further Awards may be made but these rules of the Share Award Plan shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto.

Administration

The Share Award Plan shall be subject to the administration of the Board or the Committee.

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;

LETTER FROM THE BOARD

- (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 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

The Vesting Date in respect of any Award shall not be less than 12 months from the Grant Date. However, Awards granted to Employee Participants may be less than 12 months from the Grant Date (including the Grant Date) as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager (as defined under Rule 17.01A of the Listing Rules) of the Company, or (ii) the Board or the Committee if such Employee Participant is not a Director or a senior manager (as defined under Rule 17.01A of the Listing Rules) of the Company under any of the following circumstances:

- (a) grants of “make-whole” Awards to a new Employee Participant to replace the share awards that such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards which are subject to the fulfilment of performance targets pursuant to the terms of Share Award Plan;

LETTER FROM THE BOARD

- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;
- (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

Each of the above circumstances is considered by the Board and the Remuneration Committee appropriate to provide flexibility to grant Awards (i) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (a) and (e)); (ii) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (b) and (d)); (iii) reward exceptional performers with mixed vesting schedule (sub-paragraph(e)); (iv) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (c)); and (v) in exceptional circumstances where justified (sub-paragraphs (a) to (f)), which is consistent with the purpose of the Share Award Plan.

Cancellation of Awards

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant and the Board shall notify the Trustee in writing accordingly. The Award cancelled shall be regarded as utilised for the purpose of calculating the Plan Mandate Limit.

Appointment of the Trustee, Voting Rights, etc.

The Company will appoint the Trustee, who shall be an independent third party, to hold the Awarded Shares and 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 under 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, the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

LETTER FROM THE BOARD

Conditions

Allotment and issue of Awarded Shares to the Selected Participants is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at a general meeting to approve the adoption of the Share Award Plan and authorising the Directors to grant Awards thereunder and to allot, issue and deal with Shares pursuant to the grant of any Awards in accordance with the terms and conditions of the Share Award Plan;
- (ii) the Listing Committee granting the approval of the listing of, and permission to deal in such number of Shares representing the Plan Mandate Limit to be allotted and issued by the Company pursuant to the grant of Awards in accordance with the terms and conditions of the Share Award Plan; and
- (iii) the issue of the Awarded Shares by the Directors being duly approved in accordance with Section 161 of the Companies Act.

INFORMATION ABOUT THE COMPANY

The Company is a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in developing, manufacturing, and selling related differentiated products such as urea, compound fertiliser, methanol, dimethyl ether, melamine, DMF, hydrogen peroxide, furfuryl alcohol, furfural, 2-methylfuran, pharmaceutical intermediates and gas.

REASONS FOR AND BENEFITS OF PROPOSED ADOPTION OF SHARE AWARD PLAN

The Remuneration Committee has reviewed the Share Award Plan and having considered (i) qualification of the Selected Participants; (ii) the total number of the Awarded Shares to be issued; and (iii) the performance targets and the Vesting Period, the Remuneration Committee is of the view that the terms of the Share Award Plan are fair and reasonable and recommended the Board to approve the adoption of the Share Award Plan.

As at the Latest Practicable Date, the Company has no concrete timetable regarding the grant of the Award to the Eligible Participants under the Share Award Plan which is still subject to, among others, obtaining the approval from Shareholders at the EGM. The Company will comply with all applicable requirements under the Listing Rules, the Companies Act and the Constitution relevant to the grant of the Award to the Eligible Participants.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Pursuant to Chapter 17 of the Listing Rules, the Share Award Plan will constitute a share scheme which must be approved by the Shareholders at the general meeting. Accordingly, the proposed adoption of the Share Award Plan will be subject to the Shareholders' approval at the general meeting. The Company proposes to convene the EGM to consider and, if thought fit, approve the adoption of the Share Award Plan.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or this circular misleading.

Where information contained in this circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this circular in its proper form and context.

SCHEME RULES FOR INSPECTION

A summary of the principal terms of the Share Award Plan is set out in Appendix to this circular. The full terms of the Share Award Plan are published on websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaxlx.com.hk) for a period of not less than 14 days before the date of the EGM and will be made available for inspection at the EGM.

EXTRAORDINARY GENERAL MEETING

The EGM will be held by the Company at 3rd Conference Room, 6th Floor, R&D Building, Gate No.7, Xinlianxin Avenue, Xinxiang Economic Development Zone, Xinxiang City, Henan Province, PRC on 17 May 2024 at 3:30 p.m., to consider and if thought fit, to approve the adoption of the Share Award Plan. A form of proxy for use at the EGM is enclosed with this circular.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholder is required to abstain from the resolution to approve the adoption of the Share Award Plan proposed in the EGM.

Pursuant to the Listing Rules and the Constitution, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the proposed resolution will be put to vote by way of poll at the EGM. An announcement on the poll voting results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

ACTION TO BE TAKEN BY SHAREHOLDERS

The notice convening the EGM is set out on pages N-1 to N-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaxlx.com.hk). If you are not able to attend the EGM in person, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it, together with the letter or power of attorney under which it is signed or a certified copy of that letter or power of attorney, to the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for holding the EGM (i.e., not later than 3:30 p.m. on 15 May 2024) or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM if you so wish and in such event, your proxy form shall be deemed to be revoked.

RECOMMENDATIONS

The Board considers that the terms of the Share Award Plan are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As such, the Board recommends that the Shareholders to vote in favour of the resolution to be proposed at the EGM.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

The following is a summary of the principal terms of the Share Award Plan to be approved at the EGM. It does not form part of, nor is it intended to be part of, the rules of the Share Award Plan and it should not be taken as affecting the interpretation of the rules of the Share Award Plan.

KEY TERMS OF SHARE AWARD PLAN**(A) PURPOSES OF THE SHARE AWARD PLAN**

The purposes of the Share Award Plan are to recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

(B) ELIGIBILITY

Under the rules constituting the Share Award Plan, the Employee Participants (excluding the Excluded Participants) are eligible for participation in the Share Award Plan.

(C) GRANT PRICE

The Grant Price for each Awarded Share to be granted to the Selected Participant is fixed at HK\$1.50 per Share, which represented:

- (i) 46.43% of the closing price of the Shares as quoted on the Stock Exchange as at the date of the Announcement; and
- (ii) 46.46% of the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Announcement.

(D) ADMINISTRATION

The Share Award Plan shall be subject to the administration of the Board or the Committee in accordance with the terms of the Share Award Plan and the Trust Deed. The Trustee shall hold the trust fund in accordance with the terms of the Trust Deed. Subject to the provisions of the Companies Act, the Constitution and the Listing Rules and applicable law and other regulations from time to time in force, the powers of the Board or the Committee include, inter alia, the authority, in its discretion:

- (i) to select Eligible Participants to whom Awards may be granted under the Share Award Plan on the basis of the Board's opinion as to his contribution and future contribution to the development and growth of the Group;
- (ii) to determine, subject to the requirements of the Listing Rules, when Awards may be granted;
- (iii) to determine the number of Awarded Shares to be provisionally awarded to any Selected Participant pursuant to any Award; and

- (iv) to determine, subject to the terms of the Share Award Plan and the requirements of the Companies Act, the Constitution and the Listing Rules, the terms and conditions of any Award based in each case on such factors as the Board may determine. Such terms and conditions may include:
- the earliest vesting date (which shall be a date not less than 12 months from the Grant Date) and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant; and
 - the performance targets that must be achieved (or duly altered or waived by the Board or the Committee) before the Awarded Shares can be vested; and
 - other condition(s), if any, that must be attained or paid by the relevant Selected Participant (or duly altered or waived by the Board or the Committee) before the Awarded Shares can be vested.

(E) SHARES POOL

For purpose of the Share Award Plan, the Trustee shall maintain a Shares Pool which shall comprise the following:

- (i) issued Shares as may be subscribed by the Trustee by utilising the subscription monies from Selected Participants, subject to (a) the grant of listing of and permission to deal in such Shares by the Stock Exchange, and (b) compliance with the applicable requirements under the Listing Rules, the Companies Act and the Constitution;
- (ii) issued Shares as may be allotted or issued to the Trustee as a holder of Shares, whether by way of scrip dividend or otherwise;
- (iii) issued Shares as may be irrevocably donated or transferred by any persons recommended by the Company to the Trustee; and
- (iv) issued Shares which remain unvested and revert to the Trustee due to the lapse of the Award or the exercise of the right to clawback.

The Trustee shall (after obtaining a written consent from the Board or the Committee and subject to the provisions of the Companies Act and the Constitution) sell the Shares set out in items (ii) to (iv) (inclusive) above within twenty-one (21) Business Days (on which the trading of the Shares has not been suspended). The net proceeds of such sale shall be applied to settle the Trustee's costs and expenses and the residue thereof, if any, shall be, upon termination of the Share Award Plan, treated and dealt with as income of the trust fund under the Trust Deed generally.

(F) AWARD OF SHARES

The Board shall, subject to and in accordance with the rules of the Share Award Plan, be entitled to, at any time during the continuation of the Share Award Plan, make an Award out of the Shares Pool to any of the Eligible Participants such number of Shares as it shall determine pursuant to the Share Award Plan.

The Board may at its absolute discretion determine, subject to the terms of the Share Award Plan and the requirements of the Listing Rules, the terms and conditions of any Award to be granted to the Selected Participants where appropriate, which include the performance targets by the Company and the relevant individual Selected Participant(s) that must be achieved before the Awarded Shares can be vested:

(I) 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.

(II) 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.

An Award shall be deemed to be refused by a Selected Participant unless the Selected Participant shall within ten (10) Business Days after receipt of such notice from the Board or the Committee notify the Company in writing that he would irrevocably accept such Award, and within the period prescribed by the Board or the Committee, the Selected Participants shall make payment for the subscription of the Awarded Shares by remitting the monies to the account designated by the Board or the Committee, and default in payment shall be treated as renunciation of the Awarded Shares to be granted to the Selected Participants. No upfront amount is required to be paid on application or acceptance of the Award.

The Board shall notify the Trustee in writing upon the making of an Award under the Share Award Plan by giving the Trustee an award notice.

No Award may be made by the Board during the periods as prescribed under the paragraph headed "Black-out Period" below.

(G) VOTING RIGHTS OF THE SHARES IN THE SHARES POOL

The Trustee shall not exercise the voting rights in respect of the Shares held under trust constituted by the Trust Deed. The Selected Participants shall not have any right to receive any Awarded Shares set aside for them unless and until the Trustee has, subject to the provisions of the Companies Act and the Constitution, transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants.

(H) EQUITY ISSUE

During the period after an Award has been made and before the Shares are vested in the Selected Participant, if the Company offers to Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be paid by the Shareholders, the Trustee may (after obtaining a written consent from the Board or the Committee), subject to the provisions of the Companies Act and the Constitution, either sell or take steps to exercise any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares. On the other hand, if the Company offers to the Shareholders new Shares or other securities for subscription by way of rights, options, warrants or open or preferential offer and consideration is required to be paid, the Trustee may, at its discretion and after consulting the view of the Board, subject to the provisions of the Companies Act and the Constitution, either decline to or take steps to take up, subscribe for such rights, options, warrants or open or preferential offer.

(I) VESTING OF THE AWARDED SHARES

Subject to 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

The Vesting Date in respect of any Award shall be not less than 12 months from the Grant Date. However, Awards granted to Employee Participants may be less than 12 months from the Grant Date (including the Grant Date) as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager (as defined under Rule 17.01A of the Listing Rules) of the Company, or (ii) the Board or the Committee if such Employee Participant is not a Director or a senior manager (as defined under Rule 17.01A of the Listing Rules) of the Company under any of the following circumstances:

- (a) grants of “make-whole” Awards to a new Employee Participant to replace the share awards that such Employee Participants forfeited when leaving their previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure;
- (c) grants of Awards which are subject to the fulfilment of performance targets pursuant to the terms of Share Award Plan;
- (d) grants of Awards the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the Vesting Date may be adjusted to take account of the time from which the Award would have been granted if not for such administrative or compliance requirements;
- (e) grants of Awards with a mixed vesting schedule such that the Awards vest evenly over a period of 12 months; or
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

**(J) RIGHTS ARISING ON A TAKEOVER OFFER, SHARE REPURCHASE OFFER OR
SCHEME OF ARRANGEMENT**

If a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror) prior to the vesting date, the Board or the Committee shall give due notice to each Selected Participant of the occurrence of the relevant event set out above, and shall determine at its absolute discretion whether such Awarded Shares shall vest in the Selected Participant and the time at which such Awarded Shares shall vest PROVIDED that the vesting period in respect of Awards granted to Selected Participants shall not be less than 12 months.

(K) BLACK-OUT PERIOD

For so long as the Shares are listed on the Stock Exchange:

- (i) the Board or the Committee may not grant any Award to any Eligible Participant after inside information has come to its knowledge until (and including) the trading day after it has announced the information. In particular, no Award may be granted during the period commencing one month immediately before the earlier of:
 - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

No Award may be granted during any period of delay in publishing a results announcement.

(L) LAPSE OF AWARD

In the event that the Selected Participant who is an Employee ceases to be an Employee by virtue of a corporate reorganisation of the Group, then any Award made to such Selected Participant, to the extent not already vested, shall forthwith lapse.

An Award (or, as the case may be, the relevant part of an Award) shall, under the following circumstances and subject to the terms of the Share Award Plan, automatically lapse forthwith and all the Awarded Shares (or, as the case may be, the relevant Awarded Shares) shall, subject to the provisions of the Companies Act and the Constitution, become Returned Shares:

- (i) the Selected Participant ceases to be an Employee; or
- (ii) the subsidiary by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant, was employed immediately prior to his death or retirement, ceases to be a subsidiary of the Company (or of a member of the Group); or
- (iii) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or

- (iv) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relationship with the Group or by any other reasons whatsoever; or
- (v) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company; or
- (vi) a Selected Participant is found to be an Excluded Participant; or
- (vii) subject to the terms of the Share Award Plan, a Selected Participant fails to return the duly executed transfer documents prescribed by the Trustee for the relevant Shares awarded under the Share Award Plan within the stipulated period; or
- (viii) where the Board or the Committee is of the view that the entirety or part of the Award is subject to clawback and that the Board or the Committee resolves to exercise the right to clawback pursuant to the Company's policy on clawback, as amended from time to time.

(M) MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SHARE AWARD PLAN**(i) Plan Mandate Limit**

The aggregate maximum number of Shares (“**Plan Mandate Limit**”) which (i) may be subscribed for by the Trustee in respect of all Awards to be granted under the Share Award Plan; and (ii) may be issued under any other share schemes adopted or to be adopted by the Company from time to time shall not exceed 10% of the total issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit. Awards and options lapsed in accordance with the terms of the Share Award Plan or any other share schemes will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit.

(ii) Refreshing of Plan Mandate Limit

The Company may seek approval by its shareholders in general meeting for refreshing the Plan Mandate Limit after three years from the date of shareholders’ approval for the last refreshment or the adoption of the Share Award Plan and in accordance with the applicable Companies Act, the Constitution and the Listing Rules provided that:

- (A) The total number of Shares which may be issued in respect of all awards to be granted under the Share Award Plan and all share options and all share awards to be granted under any other schemes under the Plan Mandate Limit as refreshed must not exceed 10% of the Shares in issue at the date of the Shareholders’ approval of the refreshed scheme mandate. The Company must send a circular to its Shareholders containing the number of options and awards that were already granted under the existing Plan Mandate Limit, and the reason for the refreshment.
- (B) Any refreshment to the Plan Mandate Limit within any three-year period must be approved by the Shareholders, subject to the following:
 - (i) any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 and/or such other applicable provisions of the Listing Rules.
- (C) The requirements under above paragraph (B) (i) and (ii) do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of the Plan Mandate Limit (or the refreshed scheme mandate, as the case may be) (as a percentage of the total number of Shares in issue) upon refreshment is the same as

the unused part of the Plan Mandate Limit (or the refreshed scheme mandate, as the case may be) immediately before the issue of securities, rounded to the nearest integral whole Share.

The Company may seek separate Shareholders' approval in general meeting to grant awards under the Share Award Scheme beyond the Plan Mandate Limit or, if applicable, the refreshed limits, provided that:

- (A) the Awards in excess of the Plan Mandate Limit are granted only to Selected Participants specifically identified by the Company before such approval is sought;
- (B) the Company must send a circular to the Shareholders containing the name of each specified Selected Participant who may be granted such Awards, the number and terms of the Awards to be granted to each Selected Participant, and the purpose of granting Awards to the specified Selected Participants with an explanation as to how the terms of the Awards serve such purpose; and
- (C) the number and terms of Awards to be granted to such Selected Participant must be fixed before the Shareholders' approval.

(iii) Limit for each Selected Participant

The total number of Shares, in a 12-month period up to and including the date of grant, which may be subject to an Award or Awards to a Selected Participant together with any Shares issued and to be issued under any options granted to such Selected Participant under any share schemes of the Company (excluding any options and awards lapsed in accordance with the terms of the scheme) shall not (i) in aggregate exceed 1% of the relevant class of shares of the Company in issue; and (ii) exceed any limits applicable to such Selected Participant under the Listing Rules (the "**Individual Limit**"). Any grant of Awards that shall exceed the 1% Individual Limit must be separately approved by Shareholders in general meeting with such Selected Participant and his/her close associates (or associates if such Selected Participant is a connected person) abstaining from voting and the Company must send a circular to the Shareholders in compliance with the requirements of the Listing Rules.

(iv) Granting awards to a director, chief executive or substantial shareholder of the Company, or any of their respective associates

Any grant of awards to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed recipient of the grant of Awards). In addition,

- (A) where any grant of Awards (excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of his respective associates, would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of this Share Award Plan) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue, such grant of awards must be approved by Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules; or
- (B) where any grant of Awards to an independent non-executive Director or substantial Shareholder of the Company (or any of his respective associates) would result in the number of Shares issued and to be issued upon exercise of all Awards already granted (excluding any Awards lapsed in accordance with the terms of the Share Award Plan) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of Shares in issue, such further grant of Awards must be approved by Shareholders of the Company in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, the Company send a circular to the Shareholders. The Selected Participants, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

(N) RIGHTS ATTACHING TO THE AWARDS AND THE AWARDED SHARES

An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant and the Board shall notify the Trustee in writing accordingly. The Award cancelled shall be regarded as utilised for the purpose of calculating the Plan Mandate Limit.

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them under any Award unless and until the Trustee has, subject to the provisions of the Companies Act and the Constitution, transferred and vested the legal and beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms of the Share Award Plan.

The Awarded Shares shall be subject to the provisions of the Constitution and will rank *pari passu* with the fully paid Shares in issue on the date when such Awarded Shares are vested in the Selected Participant and accordingly will entitle the holders to all voting rights and to participate in all dividends or other distributions paid or made on or after such Vesting Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the Vesting Date.

(O) ALTERATION OF THE SHARE AWARD PLAN

The Share Award Plan may be altered by the prior sanction of a resolution passed by the Board or the Committee provided that no such alteration (i) is material in nature; (ii) relates to the matters set out under Rule 17.03 of the Listing Rules to the advantage of the Selected Participant; or (iii) relates to the authority of the Board to alter the Share Award Plan, where in any of such cases such alternation must be approved by the Shareholders in general meeting. The amended terms of the Share Award Plan must comply with all applicable laws, rules and regulations (including without limitation the Companies Act, the Constitution and the Listing Rules).

Any change to the terms of Awards granted to a Selected Participant must be approved by the Board or the Committee, the Remuneration Committee of the Company, the independent non-executive Directors of the Company and/or the Shareholders of the Company (as the case may be) if the initial grant of such Awards was approved by the Board or the Committee, the Remuneration Committee of the Company, the independent non-executive Directors of the Company and/or the Shareholders of the Company (as the case may be) except where the alterations take effect automatically under the existing terms of the Share Award Plan.

(P) DURATION OF THE SHARE AWARD PLAN AND TERMINATION OF THE SHARE AWARD PLAN

The Share Award Plan shall be valid and effective for a period of 10 years commencing from the date of the adoption of the Share Award Plan but may be terminated earlier as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant.

If, at the date of the termination of the Share Award Plan, the Trustee holds any Share which has not been set aside in favour of any Selected Participant, then the Trustee shall, subject to the provisions of the Companies Act and the Constitution, within 21 Business Days (on which the trading of the Shares has not been suspended) after receiving actual notice of such termination, sell such Shares and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company.

Upon termination of the Share Award Plan, no further Awards may be granted but the provisions of the Share Award Plan shall remain in full force and effect in all other respects in respect of Awards granted prior to such expiry or termination, which shall continue to be exercisable, and able to be vested, after the expiry of the term or termination in accordance with their terms of grants.

(Q) EFFECTS OF REORGANISATION OF CAPITAL STRUCTURE

If the Company conducts any capitalisation issue, rights issue, share consolidation, share sub-division or capital reduction, the maximum number and the Grant Price of Shares that may be issued by the Company, subscribed for by the Trustee pursuant to the Share Award Plan and all other share schemes of the Company under the unutilised plan Mandate Limit shall be adjusted accordingly provided that: (i) in respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Directors in writing that the adjustments satisfy the requirements under the Note to Rule 17.03(13) of the Listing Rules and any further guidance/interpretation of the Listing Rules to be issued by the Stock Exchange from time to time; (ii) any such adjustment made must give each Selected Participant the same proportion of the share capital of the Company, rounded to the nearest whole Share, as that to which he/she was previously entitled; (iii) no such adjustment shall be made which would result in the Grant Price of any Awarded Share being less than its nominal value; (iv) no adjustment shall be made to the advantage of the Selected Participant without specific prior approval from the Shareholders of the Company; and (v) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

(R) CLAWBACK

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.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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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)

(Company Registration No. 200610384G)

(Hong Kong Stock Code: 1866)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**Meeting**” or “**EGM**”) of China XLX Fertiliser Ltd. (the “**Company**”) will be held at 3rd Conference Room, 6th Floor, R&D Building, Gate No.7, Xinlianxin Avenue, Xinxiang Economic Development Zone, Xinxiang City, Henan Province, PRC on 17 May 2024 at 3:30 p.m. to consider and, if thought fit, pass with or without modifications the following as an ordinary resolution of the Company:

All capitalized terms in this Notice of EGM which are not defined herein shall have the same meaning as ascribed to them in the Company's circular to its shareholders dated 24 April 2024 (the “**Circular**”).

ORDINARY RESOLUTION

“**THAT**

- (a) the share award plan (the “**Share Award Plan**”), the details and a summary of which are set out in the Circular be and is hereby approved, confirmed and ratified and any one Director of the Company be and is hereby authorized to do all things as they may in their absolute discretion consider necessary, expedient or desirable to implement the Share Award Plan.
- (b) the Directors of the Company be and are hereby authorised:
 - (i) to establish and administer the Share Award Plan;
 - (ii) to modify and/or amend the Share Award Plan from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Award Plan and to do all such acts and to enter into all such transactions, arrangements and agreements as they may in their absolute discretion consider to be necessary, expedient or desirable in order to implement and give full effect to the Share Award Plan;
 - (iii) to offer and grant Awarded Shares in accordance with the provisions of the Share Award Plan and, subject to provisions of the Companies Act 1967 of Singapore (the “**Companies Act**”) and the Constitution of the Company, to allot and issue from time to

NOTICE OF EXTRAORDINARY GENERAL MEETING

time such number of fully-paid new Shares as may be required to be issued pursuant to the grant of the Awarded Shares under the Share Award Plan (subject to such adjustments as may be made to the Share Award Plan);

- (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of and permission to deal in any Shares which may from time to time be allotted and issued pursuant to the exercise of the Awarded Shares under the Share Award Plan subject to the Listing Rules and the Companies Act; and
 - (v) to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution.
- (c) the total number of Shares which may be issued in respect of all share options and share awards to be granted under the Share Award Plan and other share scheme of the Company (i.e. the Plan Mandate Limit) must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date or the relevant date of approval of the refreshment of the Plan Mandate Limit.”

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

Hong Kong, 24 April 2024

Notes:

- a. A member entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- b. The proxy form must be deposited at the Company’s Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time scheduled for holding the EGM (i.e., not later than 3:30 p.m. on 15 May 2024) or any adjournment thereof.
- c. If the member is a corporation, the instrument appointing a proxy must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.
- d. To ascertain Shareholders’ eligibility to attend and vote at the EGM, the Register of Members of the Company will be closed from 13 May 2024 to 17 May 2024 (both days inclusive), during which period no share transfer will be effected. In order to qualify for attending and voting at the EGM, unregistered holders of Shares of the Company should ensure that all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited (at its address shown in Note b above), for registration no later than 4:30 p.m. on 10 May 2024.
- e. All times and dates referred to in this notice refer to Hong Kong local times and dates.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the proxy(ies) and/or representative(s) appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This circular, in both English and Chinese versions, is available on the Company's website at www.chinaxl.com.hk.

*Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "**Corporate Communications**").*

Shareholders may send their request to change their choice of language(s) of Corporate Communications in writing to the Company's Hong Kong Share Transfer Agent and Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this circular since both languages are bound together into one booklet.

As at the date of this notice, 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.