Press Release

(For Immediate Release)

China XLX Announces 2021 Interim Results

Strong and Solid Recovery with NP Surging by 259%

2021 Interim Results Highlights:

- Achieved revenue of approximately RMB 7,573 million, rising by 53% Y-O-Y.
- Revenue derived from the sales of urea increased by 32% Y-O-Y to approximately RMB2,074 million. Gross profit margin of urea increased to approximately 35.4% from approximately 26.8% last year.
- The unaudited total comprehensive income attributable to the owners of the parent increased significantly by 259% to approximately RMB646 million for 1H2021. Earnings per share reached 55.1 RMB cents in 1H2021.

(9 August 2021, Hong Kong) China XLX Fertiliser Ltd. ("China XLX" or the "Company", together with its subsidiaries collectively known as the "Group") (HKSE: 01866.HK) announced the interim results o for the six months ended 30 June 2021 (the "Period"). The Group recorded a revenue of approximately RMB7,573 million, increased by 53% from the same period last year. Gross profit increased sharply by 99.4% to approximately RMB2,118 million. Profit for the period surged by 237% to approximately RMB 889 million from last year. The comprehensive income attributable to owners of the parent company jumped by 259% to approximately RMB646 million, as compared with the same time last year.

In the first half of 2021, the recovery of the domestic fertilisers and chemical products market has accelerated. With the Group's third production base in Jiangxi Jiujiang successfully commissioned in February 2021, total production capacity reached new height, further solidifying geographical coverage, forming Central, Northwest and Southeast three strategic production bases in the PRC.

With the Jiujiang production base put into production, the market share of the Group has increased and its cost advantage has been further enhanced. Additionally, the rising global food price and increasing demand further boosted the sales of key products of the Group, contributing to satisfying results for 1H2021. Revenue derived from the sales of urea increased by 32% to approximately RMB2,074 million. The leap was mainly due to the increase in sales volume and the average selling price of urea products of the Group by approximately 8% and 23% Y-O-Y, respectively. Gross profit margin of urea of the Group increased to approximately 35.4% for 1H2021 from approximately 26.8% for 1H2020.

Strong results have also been recorded in the businesses of compound fertilisers and methanol. Revenue derived from the sales of compound fertilisers increased by 13% to approximately RMB1,981 million for 1H2021, mainly due to the increase in sales volume and average selling price of compound fertilisers by approximately 5% and 8% respectively. Revenue derived from the sales of methanol was up by 355% to approximately RMB733 million for 1H2021. The increased sales of methanol were a result of the increase in average selling price and sales volume of methanol of the Group by 57% and 190% YoY respectively. The increased sales volume was mainly contributed by the additional production capacity of the third production base in Jiujiang. Due to the rebound in international energy prices which in turn boosted the average selling price of methanol, gross profit margin of methanol of the Group rose by approximately 22 percentage points to approximately 19.7% for 1H2021.

Revenue derived from the sales of Dimethyl Ether (DME) rose by 79% to approximately RMB618 million for 1H2021. Revenue derived from the sales of melamine increased largely by 69% to approximately RMB535 million for 1H2021. Revenue derived from the sales of furfuryl alcohol products was up by 48% to approximately RMB335 million for 1H2021. The revenue from the sales of urea solution for vehicle reached approximately RMB236 million for 1H2021, due to product structure adjustment.

Looking ahead, **Mr. Liu Xingxu, Chairman of China XLX**, said that with the introduction of the new agricultural reform policies and the “dual-carbon” policies, the acceleration of elimination of the backward production capacity and emphasis on the high-quality and efficient green development of the agriculture industry would be beneficial to the development of industry leaders. The Group adheres to the strategy of green, low carbon and sustainable development in terms of production, R&D or product innovation, which will provide favourable conditions for consolidating the main fertilisers industry. In addition, the chemical product market is affected by rising international energy prices, strong downstream demand, and the business cycle of chemical product prices will continue at a high level. Each of the Group's chemical product can meet the various needs of its downstream users. On the basis of consolidating the competitive advantages of our existing chemical products, the Group would be committed to extending the development of the industrial chain. As new products continue to be put into production, it will definitely further enhance the Group's profitability and market competitiveness.

Since the Jiujiang production base has been put into production, the market share of the Group has increased and its cost advantage has been further enhanced. The Group will leverage its three major production bases to strengthen its competitive advantage of "low-cost and differentiation" and widen its business horizon. Being committed to leading the industry as "Pioneer of High-Efficiency Fertilisers in China" to lead the industry with higher standard and support the industry's continuous exploration in high efficiency fertiliser and scientific agriculture, the Group strives to reward farmers and serve the community with higher standards, and to make higher contribution to China agriculture.

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About China XLX Fertiliser Ltd.

China XLX Fertiliser Ltd. is one of the largest and most cost-efficient coal-based urea producers in China. The Group is principally engaged in developing, manufacturing, and selling of related differentiated products such as urea, compound fertiliser, methanol, dimethyl ether, melamine, furfuryl alcohol, furfural, 2-methylfuran and pharmaceutical intermediates. Adhering to the competitive strategy of combination of "comprehensive cost control and product differentiation", the Group aims at further development of the fertiliser industry as a whole. Boasting resources of its Henan, Xinjiang, Jiujiang bases, the Group strives to expand its business into various upstream product lines including new energy, new chemical materials, and coal chemicals. The Group is committed to becoming the most respected enterprise in the chemical fertilisers industry. The Company's shares are traded on the main board of the Stock Exchange of Hong Kong Limited (stock code: 01866.HK).

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