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Press Release

(For immediate release)

China XLX Announces 2021 Annual Results

Net Profit Surged by 238% YoY

2021 Annual Results Highlights:

- Revenue increased by 61% YoY to approximately RMB16,815 million.
- Gross profit increased by 98% YoY to approximately RMB4,389 million.
- Profit for the year increased by 238% YoY to approximately RMB1,769 million.
- Profit attributable to owners of the parent increased by 272% YoY to approximately RMB1,294 million.
- The Board recommended the payment of a final dividend of RMB19 cents per share for the year ended 31 December 2021.

(26 March 2022, 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 annual results for the year ended 31 December 2021 (the “Period”). The Group’s revenue amounted to RMB16,815 million, representing an increase of 61% YoY. Gross profit increased by 98% YoY to approximately RMB4,389 million. Profit for the year increased by 238% YoY to approximately RMB1,769 million, with profit attributable to owners of the parent increased by 272% YoY to approximately RMB1,294 million. The Board recommended the payment of a final dividend of RMB19 cents per share for the year ended 31 December 2021.

Along with the ongoing and evolving pandemic, stoked by global supply chain disruption, surging energy prices and food prices, demand and prices for domestic fertilisers and petrol chemical related products increased in 2021. The Third Production Base in Jiangxi Jiujiang was successfully put into operation in February 2021, and the fixed-bed renovation and upgrading project of the Group’s second and third plant in Henan Xinxiang were also completed and put into production in the fourth quarter of 2021. The Group’s production capacity and efficiency reached a new milestone, leading to a record high in revenue and profitability.

During the Period, revenue derived from the sales of urea increased by 61% to approximately RMB4,959 million. This was mainly due to the increase in sales volume and average selling price of urea products of the Group by approximately 16% and 39% YoY, respectively. Revenue derived from the sales of compound fertilisers increased by 19% to approximately RMB3,754 million, mainly due to the increase in average selling price. Revenue derived from the sales of methanol increased by 242% to approximately RMB1,759 million, as a result of the increase in average selling price and sales volume of the Group by 53% and 124% YoY, respectively. The increased sales volume of methanol was mainly attributable to the new capacity from the Third Production Base in Jiujiang. Revenue derived from the sales of DME increased by 92% to approximately RMB1,439 million, which was mainly due to the sharp rise in international energy prices, leading to an increase in average selling price and sales volume of DME by 39% and 38% YoY, respectively. Revenue derived from the sales of melamine increased by 94% to approximately RMB1,206 million, mainly due to an increase in average selling price resulting from



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the strong rebound in demand and prices of the domestic chemical products. Revenue derived from the sales of furfuryl alcohol products increased by 59% to approximately RMB835 million, mainly due to the increase in average selling price.

International oil prices have been rising alongside raw material commodity prices since 2022. In particular, the increase in the prices of raw materials, such as potash fertiliser and phosphate fertiliser, have provided strong support for fertiliser prices in China. Moreover, the global food prices have risen due to the ongoing pandemic, leading to growing concerns on food security and agricultural development in China. The increasing demand for fertilisers in agriculture sector will continue to raise the price of fertilisers. At the same time, various domestic policies will support efficient operations of the market and drive up prices of high quality agricultural products, thereby boosting the use of high-end fertilisers. As an advocate of high efficiency fertilisers, the Group foresees further sales growth in this area. The domestic chemical products market has accelerated consolidation with China's domestic environmental protection policies being tightened under the "dual carbon" goals. The Group will take advantage of its geographical reach, adhere to the environmental protection principles, vigorously develop and expand fine chemical industry chain, thereby achieving high-quality and comprehensive development.

Looking ahead, **Mr. Liu Xingxu, Chairman of China XLX**, commented, "As one of the leading enterprises in the industry, the Group will take advantage of its base-characteristic layout to promote product flexibility and optimise product mix, as well as further increase R&D of high-efficiency fertilisers. Based on the unique characteristics of the three production bases, the Group will actively expand, enhance and strengthen its chemical industry chain. At the same time, with the upgrading projects of the second and third plants successfully being put into operation, the Group has fully adopted advanced production technology, therefore accentuating its technological and low-cost advantages. Going forward, the Group will leverage government new policies, seize the opportunity of high-quality development, and accelerate transformation and upgrading, thereby further enhancing the Group's profitability and market competitiveness, and achieving stable and sustainable development in the long term."

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About China XLX Fertiliser Ltd.

China XLX Fertiliser Ltd., 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. 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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