

# TARGET

## Intelligence Report

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T U E S D A Y

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**CHINA XLX FERTILISER LTD:  
TODAY, THIS COMPANY MAY BE IN TSURIS, NO DOUBT,  
BUT, TOMORROW, IT MAY COME GOOD, AGAIN**

China XLX Fertiliser Ltd (中國心連心化肥有限公司) (Code: 1866, Main Board, The Stock Exchange of Hongkong Ltd) was incorporated with limited liability on July 17, 2006, in The Republic of Singapore.

The Group's Registered Office is located at Number 80, Robinson Road, #02-00, Singapore 068898.

China XLX Fertiliser Ltd has been listed on the Main Board of The Stock Exchange of Hongkong Ltd since December 8, 2009.

The Group's Headquarters and Principal Place of Business, however, is located in Xinxiang Economic Development Zone, Henan Province, Taxihe Industrial Park, Baojiadian Town, Manas County, Changji Prefecture, Xinjiang Province, and Jishan Industrial Zone, Jiujiang City, Jiangxi Province of the People's Republic of China (PRC).

The Principal Activities of China XLX Fertiliser Ltd are in the development, manufacture, and sales of related differentiated products, such as urea, compound fertiliser, methanol, dimethyl ether, melamine, DMF, hydrogen peroxide, furfuryl alcohol, furfural, 2-methylfuran, pharmaceutical intermediates, and gas.

The Chairman of the Board of Directors of China XLX Fertiliser Ltd is Mr Liu Xing Xu (劉興旭) who was appointed to his post on or about July 26, 2006, just nine days after the Company's incorporation in The Republic of Singapore.

The 2022 Annual Report of the Company was published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the PRC on or about Wednesday, April 26, 2023.

At Pages 18 through to 20 of the 2022 Annual Report of the Company in respect of the Financial Year, ended December 31, 2022, Mr Liu Xing Xu had this to explain to his shareholders and prospective investors alike:

*‘In the past year, in the face of the complex international and domestic economic situations, significant market fluctuations and recurring pandemic, we insisted on pulling our weight and firmly facilitated the planning of, the transformation and upgrading of, and the chain extension of multiple production bases, laying a solid foundation for the next rapid and steady development.*

#### ***‘Serve with Heart and Operate Steadily***

*‘In 2022, the chemical fertilizer market showed an upward trend before falling. In accordance with the development strategy of “**fertilizer as the foundation, fertilizer and chemical side by side,**” we strengthened our capacity, expanded our scale and improved our management. Jiangxi Compound Fertilizer Tower, Henan Compound Fertilizer Multi-Purpose Tower, Shenleng Rare Gas, Jiangxi DMF Phase I, Gansu Jinchang Compound Fertilizer and other projects were completed and commenced operation. We adjusted our internal organizational structure, optimized the process system, and clarified the responsibilities and authorities. Besides, we improved operational efficiency, focused resources on the market, and initially established an efficient operational system to adapt to the group-oriented development.*

*‘In 2022, with the focus on the optimization of the three major bases in Henan, Xinjiang and Jiangxi, we continued to improve the quality and competitiveness of our operations based on the safe and long-term operation of the bases. China XLX continued to rank No. 1 in the industry with a comprehensive energy consumption of 1,182.6 kilograms of standard coal per ton of ammonia, and has been honored as the energy efficiency “**leader**” in the industry for 11 consecutive years. The urea production ranked first in the industry, while the synthetic ammonia production ranked fourth in the industry. The two major bases in Xinjiang and Jiangxi were honored as the “**A-class Enterprise for Performance Enterprise**” in Xinjiang Uygur Autonomous Region and Jiujiang, respectively, for their comprehensive strength of environmental protection and efficiency. Subsequent to the Henan and Xinjiang bases, the Jiangxi base was also awarded the “**Green Factory**” in Jiangxi Province. The three major bases were all included in the “**Green Factory**” list, further boosting the Company's green development.*

#### ***‘Serve with Heart and Follow Our Hearts***

*‘Our development strategy is “**fertilizer as the foundation, fertilizer and chemical side by side,**” meaning taking fertilizer as the foundation and developing fertilizer and chemical simultaneously. The fertilizer segment expanded its scale, improved its quality, increased its volume and enhanced its ranking to establish an absolute leading position, leading the development of the industry. The development of chemical products adhered to specialization and high-end, entered the market with low cost and high quality, quickly established absolute advantages, and seized development space. By organically combining the “**stableness**” of*

*fertilizers with the “**liveness**” of chemical, the Group has established an industrial system with a solid foundation, thus able to respond to the market flexibly. With the dual drive of the fertilizer and chemical industry, we will maintain a strong and lasting development momentum.*

*‘The “**fertilizer as the foundation**” approach is determined by the characteristics of our business. Fertilizer is the “**food**” of food, with characteristics such as rigid demand, high demand and long life cycle. China XLX has been deeply involved in the fertilizer field for more than 50 years with a deep understanding of the industry. With a high sense of social responsibility, we have taken the lead in positioning ourselves as the “**high-efficiency fertilizer advocator**.” We vigorously researched and promoted high efficiency fertilizer products with high utilization rate and enhanced quality, making outstanding contributions to fertilizer supply and national food safety.*

*“**Fertilizer and chemical side by side**” is the result of our initiative to adapt to the market and seek changes. As fertilizer is a seasonal product, the profitability of fertilizer enterprises varies greatly with market fluctuations. In order to solve this problem, we utilized our own characteristics and advantages, focusing on low-cost syngas, and using our advantages in hydrogen, nitrogen, ammonia and other basic chemical raw materials to diversify into the downstream of the coal chemical industry and related development. At ... [CLICK TO ORDER FULL ARTICLE](#)*

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